

**FY 2002**  
**RESULTS REVIEW**  
**USAID/POLAND**  
**April, 2000**

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**USAID/POLAND  
MEMORANDUM**

**Date:** April 7, 2000

**To:** Donald Pressley, Assistant Administrator for Europe and Eurasia

**From:** William Frej, Mission Director

**Subject:** FY2002 Final Results Review

I am pleased to submit for your review USAID/Poland's final R2, which summarizes our program's results over the past year and, as important, provides a retrospective on the past decade of USAID assistance in Poland.

As Poland's assistance program moves toward closeout on September 30, 2000, our operational and programmatic closeouts are proceeding as scheduled. The program met or exceeded all of our targets for the past year. We fully expect to achieve all of our strategic objectives prior to closeout dates--September 30, 2000 for the overall assistance program, March 31, 2001 for the Local Government Partnership Program, and September 30, 2002 for the Loan Portfolio Guarantee Program, dates the Bureau agreed to in our FY2000 R4. There were no serious adverse factors affecting program performance during the past year. In fact, even as the program moves toward its closeout objectives, USAID is still very engaged in providing technical assistance to the Government of Poland (GOP) as it continues to pursue an ambitious social sector reform program, which is essentially a second phase in the transition process after the fundamental political and economic reforms of the early nineties. With the change of governments in 1997, from one led by post-Communists to the current government led by the Solidarity and Freedom Union coalition, USAID was again called upon by the reformers to reinitiate assistance in the social sector which we first began in 1992. This was a critically important request, and an assistance opportunity we could not forego, in spite of our tight timeframe. As it has turned out, our recent assistance to the GOP's reform agenda in the health, education and pension sectors has been timely, well received and effective. The GOP at its most senior levels has commended USAID for this assistance and views our responsiveness as a major contributor to their reform agenda few governments have ever attempted to undertake at one time.

The other major reform supported by USAID/Poland has been local government. The largest and most ambitious activity currently being implemented through our program is the Local Government Partnership Program (LGPP). Last year we shared our concern about the relatively slow start-up and staffing problems due, in great part, to the

procurement protest. This year, I am pleased to report that, as a result of USAID management interventions, implementation of LGPP has now hit its stride. Under LGPP, 31 partner local governments and 43 non-partner local governments receive assistance to strengthen service delivery and management capacity. These numbers exceeded the targets laid out in last year's R4. When our LGPP targets for FY2000 are met, more than 10% of the 2,400 local governments in Poland will have received assistance. As important, local government best practices will have been disseminated to all 2,400 municipalities.

USAID has also maintained its lead role in establishing the new private pension system. Over 9.6 million Poles have joined these funds this year and our assistance to the pension fund supervisory agency will meet its objectives before its closeout on April 28, 2000.

Four new programs, essentially the last new starts of the Poland program, were launched over the past year. The policy-based, \$5 million Global Climate Change program was our innovative approach to the further mitigation of climate change sources in southern Poland. As important, this program took the place of the Skawina flue gas desulfurization facility project, the only assumed failure of Poland's assistance program, which was initiated and managed by the Department of Energy. Grant funds will be utilized to finance the importation of energy efficiency or environmental protection equipment from the U.S. Funds will be disbursed in three tranches in response to GOP legislative, regulatory and policy changes and initiatives in the environmental sector, including Poland's participation in the Framework Convention on Climate Change and the reduction of detrimental climatic emissions. I am pleased to announce that the GOP has complied with the conditions precedent for the disbursement of the first two tranches and \$3.5 million has now been transferred to the GOP.

The new Social Sector Communications Project, designed to assist the GOP in better communicating their social sector reforms to the general public has been operational for the last six months. Despite GOP and contractor management problems, which have led to a restructuring of the project, a number of important, concrete results have been achieved. These include: the establishment of a communications task force in the Prime Minister's Chancellery; a media campaign for the Ministry of Education; the design and implementation of a framework for Town Meetings to be held throughout Poland; and the launching of a number of public opinion research activities. The verdict is still out regarding a change to the positive in the public perceptions of GOP's reforms, but this will be monitored closely until the project ends on July 31, 2000.

Implementation of the Development Credit Authority (DCA) Portfolio Guarantee program for energy efficiency loans has proceeded more slowly in FY 2000 than expected. After signing the Guarantee Agreement on September 30, 1999, USAID's partner BISE Bank has yet to utilize the facility. The RUDO initiated discussions with BISE in late January 2000 to identify barriers to implementation. BISE reported that meeting the requirements of the GOP's Thermomodernization Program has been more difficult than anticipated and has extended the lead time required to package projects which would qualify for the DCA guarantee. To ensure the facility is utilized effectively

within the tight timeframe prior to USAID's closeout, the bank has argued strongly for expanding the scope of the agreement to encompass loans for other viable energy efficiency projects they are currently negotiating with investors. The Mission supports BISE's strategy and the RUDO, supported by the DCA team in Washington, will shortly finalize appropriate amendments, paving the way for BISE to activate the Guarantee Agreement and pay the \$25,000 origination fee by April 28, 2000. Should BISE fail to take the required actions by this date, the Mission is prepared to terminate the activity and arrange for transfer of the funding to other DCA projects in the region.

As we have discussed in our last two R4/R2's, we have also given top priority to the establishment of institutions and initiatives, supporting USAID's legacy in Poland. The Polish Know How Foundation, a parastatal organization established by the GOP to provide technical assistance and training to other transition countries, will receive institution-building support from USAID/Poland through a grant to enhance its capacity to support Poland's eastern and southern neighbors, including the Balkans. The Poland-American-Ukrainian Cooperation Initiative (PAUCI) also has received substantial assistance from USAID this year, as we assist Poland in sharing and transferring its successes to the East. PAUCI is operational, grants are being made and assistance is being provided. Yet, much still needs to occur, operationally and politically, to fully realize the potential of PAUCI in fostering "east-east" cooperation and the transferring the successful Polish model to its strategically important neighbor. I strongly urge that this program become less bureaucratic and more results-oriented in the coming years and that USAID continue to support its development.

In conjunction with the Public Affairs Office of the Embassy, a series of closeout/graduation events have already taken place and will continue until September 30, with the major event taking place July 10 and 11, 2000. The PAO is also working with USAID on creating public interest documentation to recount the achievements of Poland's social and economic transformation.

The USAID Mission is following our approved Operational and Programmatic Closeout Plans and we do not anticipate any problems in meeting all of the targets in these Plans. All remaining activities have a set closeout date, which will be met. Staff downsizing has been initiated, supported by a Transitional Training and Incentive program to help us meet our staff retention requirements. Four staff will close operations from October 1, 2000 through November 30, 2000, as agreed in the FY2001 R4. One of these four, an accountant, will remain until the end of FY 2001, as a part of the RSC/Budapest Controller staff. In this regard, ***\$219,600 in OE is required for the remaining closeout staff.*** We had planned to fund these residual OE support requirements with the forward funding of FY 2000 money through December 31, 2000. However, with the new ADS 603 guidance on forward funding, this is no longer allowed. Therefore, ***RSC/Budapest has agreed to include these OE requirements in their R4 submission this year and will account for the residual FY 2001 OE.***

USAID/Poland's SEED assistance program over the past ten years has demonstrated a remarkable set of results. Clearly, the decision to graduate the Poland's USAID program

in September 2000 was the right decision and one that remains valid today. The GOP has established a strong foundation for their long-term economic development, and the formation of thousands of local, democratic institutions in Poland is unrivaled anywhere throughout central Europe and Eurasia. We can state emphatically that the objectives of the SEED program will have been achieved by the close of the program in September 2000.

Yet, several problems have become more sharply etched in these latter stages of Poland's transformation and these are both the challenges and the opportunities for which American perspectives and know-how could help provide valuable solutions. These remaining problems, which could be the focus of a USAID post-presence strategy for Poland, include: *corruption, unemployment and job creation, health reform, education reform, deepening decentralization, agricultural reform and rural poverty.*

*Corruption* in Poland is a major issue at all levels--the judiciary, prosecutor's offices, Parliament, senior government bodies, and local and central government. A newly released World Bank report notes that a key characteristic of the pandemic high-level corruption is the close ties between political and economic groups and between the public and private sectors. Corruption, in fact, is considered to be a major impediment to the sustained economic growth Poland needs to compete among its European neighbors. EE's Market Transitions and Democracy and Local Governance Offices could play a major role, in cooperation with the U.S. Embassy, in designing and implementing an anti-corruption activity. The Partners for Financial Stability Project is one possible intervention. The U.S. Embassy is proposing to utilize \$70,000 of the \$200,000 made available by the SEED Coordinator's Office to buy-in to the Partners for Financial Stability Project for an anti-corruption activity.

*Unemployment*, especially from downsizing heavy, redundant industries still remains a problem. According to the Central Statistical Office, in February, 2000 there were 50,400 more unemployed than in January 2000, increasing the national unemployment rate to 13.9%, the worst rate since September 1996. Even the improving economic situation did not translate into an improved employment market. In addition, it is not expected to improve in the near future, since 800 companies recently announced plans to layoff over 43,000 employees. According to GOP data, 76.3% of unemployed do not qualify for any financial assistance and this data suggests that there are 253 unemployed for each job offer.

In 1999, the Ministry of Health initiated the *health sector reform*, based on the German Health Insurance Funds (HIF) model. New regional HIFs are purchasing health services regionally, using a portion of the citizens' income tax. HIFs are the new administrative structures. Their creation lead to drastic change in the institutional and financing system. This has, in turn, lead to negative perception of the reform by Polish citizens. In the course of reform, the GOP did adopt the proposals from local governments to continue funding health services through the local government budgets. Between 1996-98, USAID supported several pilot cities in improving health management. Given the national policy decision not to fund health services through local governments, the small

USAID health program was refocused in late 1998 from assistance to local government to assistance to national institutions and HIFs. The program has successfully facilitated debate about problems of the health reform implementation among local governments, HIFs and the MOH. Yet, management of HIFs and delays in developing regional health policies are now the major weakness of the reform. The GOP still has a long way to go to improve the public perception of health reform after its first year of poor performance.

The educational budget represents 13% of the GOP budget. In 1998-99, the Ministry of Education (MOE) prepared the *educational reform*, with special emphasis on primary education. The reform effort covered institutional structures, financing mechanisms, teachers' remuneration system, and quality improvements such as approving new curricula and setting a nation-wide standardized examination system. USAID supported the work on developing the financing mechanisms. This year, the MOE is preparing the same reform effort regarding secondary education. The remaining issue is coordinating the work on educational finance in the MOE with the law on local government finance, which is being prepared by the Ministry of Finance and will be debated in the Parliament in Autumn 2000.

Local governments complain that insufficient resource streams were provided following *decentralization* of tasks as a result of the Administrative Reform. Central Government, and especially the Ministry of Finance, agrees in principle with this, but there is no agreement among different ministries about freeing up resources for local governments. The Ministry of Finance is working on a new law on local government finance, which will replace the provisional/intermediate two-year legislation. Given the macroeconomic constraints (including costs of social sector reforms), the Central Government is reluctant to give up resources to local government. The Parliament will debate this law this autumn. At this stage, USAID assistance on decentralization focuses on the educational portion of local government finance (educational subsidy administered by MOE). Important assistance on the further rationalization of revenues provided to local governments could be of great importance.

*Agricultural reform* is of critical importance to the GOP, as they pave their way for entry into the European Union. EU negotiators claim that Poland is seriously lagging behind the Czechs and Hungarians in this effort. In the same context, *rural poverty* is the most prominent characteristic in rural Poland. Our prior work on the establishment of rural Business Support Organizations, cooperative housing, DemNet and health could all be useful to a post presence strategy.

To reinforce the sustainability of SEED objectives achieved under Poland's program to date, and to support the Poles as they pursue EU accession, a modest post presence strategy for Poland, in areas where USAID possesses a clear comparative advantage, is recommended. Unquestionably, the country is clearly on the right track and their economic successes stand out as a model to other transition countries throughout the world. Yet, American expertise and know-how can still be of great value to this country, in the same context as the eleven years of USAID assistance has contributed to Poland's development since 1989.

cc. Ambassador Fried/Michael Mozur



## **FY 2002 RESULTS REVIEW**

### **USAID/POLAND**

#### **Part I: Overview and Factors Affecting Program Performance**

The USAID program entered its final year of operations on schedule. The program met or exceeded its targets for the year as laid out in the approved strategic plan, and thus expects to achieve all its broad strategic objectives prior to closeout. There were no serious, adverse factors affecting program performance during the past year and some positive ones. The Local Government Partnership Program (LGPP), the cornerstone project in USAID's existing portfolio, overcame initial management problems and, hit its stride. There is no doubt that LGPP has played a major role in Polish local government over the past year, facilitated by continued GOP commitment to public administration reform.

Poland continued its transition momentum in 1999, but not without difficulties. It had to face serious foreign policy challenges such as the Kosovo intervention, and weather the aftereffects of slower economic growth in the EU, and the collapse of its Russian export market. Most important, four major structural reforms came into effect, as did two thirds of the government's reform of the taxation system (aimed at easing fiscal burdens on individuals and businesses). The last component, reform of individual rates, was vetoed by the President. Early implementation of reforms has been uneven. There have been a number of problems, especially in health care. As a result, the government's standing in the polls has fallen drastically. (Recent polls indicate that barely a fifth of Poles now back the government.) Meanwhile popular support for EU accession has also fallen somewhat. Nevertheless, the GOP - much to its credit - has remained steadfast in its commitment to the process. Unfortunately, the GOP did not implement an effective communications campaign to explain the reforms, a problem the USAID-funded Strategic Communications project is attempting to address. Meanwhile, Poland is preparing for presidential and parliamentary elections in 2000 and 2001 respectively.

On the economic side, several indicators have declined. Real GDP growth fell from 4.8% in 1998 to 4.1% (which for many economies would be quite respectable and attests to the resilience of the Polish economy and its ability to deal with the Russian crisis). Unemployment has risen by about 4 percentage points reaching 13.9% (approximately 2.5 million people) in February, 2000. Toward the end of the year, inflation accelerated and returned to double figures prompting a substantial boost in real interest rates by the Monetary Policy Council in an attempt to cool the economy. Poland's foreign trade deficit is also increasing and the current account deficit in January 2000 reached \$1.2 billion. The restructuring of coal and steel industries continued, though negative international conditions in both these sectors delayed progress toward profitability. However, major privatization's, such as banks and insurance companies, were carried out. The perseverance of the GOP in pursuing difficult and complex social sector reforms has moved Poland considerably forward during the second phase of the transition process. Now that macro-economic policies and business and financial sector operations can be

compared to those prevailing in the West, many social institutions, heretofore by-passed by reform, are receiving attention. This bodes well for SEED-funded, reform-related activities that are a significant part of the remaining USAID portfolio. Despite popular discontent with the current government regarding its implementation of the reforms, Poles, in general, continue to understand the need for them. 9.6 million Poles (far more than had been expected) have joined the private pension funds system. On another positive note, the GOP should this year be able to sell about 100 large enterprises worth \$5 billion and spruce up others, for future sale. Furthermore, of the four major areas of reform - welfare, education, local government, and health, improvements are perceptible in all but health sector reform, although not always recognized as such by public.

As stated above, the program met all its targets the past year. USAID support for financial sector development (banking, bank supervision, capital markets, and pension reform) is almost completed. The resilience of the Polish economy demonstrates the sector's strength and the contributions of SEED assistance. This past year has seen the completion of the USAID-funded effort to strengthen the SME enabling environment. This has assisted the SME sector to generate employment, absorb labor from restructured large-scale enterprises, and contribute significantly to the expansion of an entrepreneurial middle class. This year will also see the successful completion of the DOL Workforce Development Project that will leave in place a sustainable structure to assist workers, enterprises and communities to adapt to economic restructuring. Other areas where activities have been successfully completed or are winding down include energy, environmental protection, education and housing. USAID support in deregulation, institutional development, information systems and tariff setting has created an effective energy regulatory environment. The DOE Krakow Low Emissions project will have eliminated 90% of the low emission sources in Poland's historic capital by the end of that project. USAID support to the Warsaw School of Economics has left in place a sustainable dual-degree MBA program and an agreement of cooperation between that school and the University of Minnesota, assuring program sustainability. USAID assistance supported successful GOP efforts to implement reforms in local government, education and infrastructure finance including a draft Local Government Finance Act, which, if enacted in its current form, would provide for local government income taxing authority for the first time. Fifty local governments have implemented model participatory processes in preparing budgets, long-term investment and economic development plans or housing strategies during the past year.

Over the past ten years, USAID assistance in debt restructuring, financing the Polish-American Enterprise Fund, and bank privatization and supervision helped pull Poland out of recession and transform key financial structures. Since 1995, USAID support has helped to stimulate the private sector at the firm level through assistance to improve the viability of the SME enabling environment; business development; energy saving technologies; and legal, regulatory and judicial reform to foster competition and to create what has become one of the most attractive private sector environments in the region. Assistance was also provided to the financial sector highlighted by increasing liberalization and investment in the banking sector, high levels of accountability, growing professionalism, and strengthened supervisory structures for banking, insurance and

capital markets based on global standards of transparency. Assistance has also been provided to a new competitive pension fund system that contributes to deepening Poland's capital markets and long-term fiscal stability. SEED-assistance strengthened financial services including: business and municipal credit ratings, licensed warehousing, banking associations, housing finance, credit unions, municipal bond markets and cooperative banking. Finally, in support of GOP extensive fiscal and political decentralization reforms, USAID has provided assistance to: 1) local governments, to improve resource management to meet citizen needs while developing and/or strengthening a network of support organizations, and 2) the Ministry of Finance, to develop legislation and policies that shaped the current framework for decentralization of public administration and finance. These activities have been supplemented over the years by a number of special initiatives in collaboration with other USG agencies: environmental protection (EPA); redeployment of redundant mine workers (DOL); modernizing the criminal justice system (DOJ); and tax administration (Treasury). Poland has also become a role model for other transition countries. With USAID support, trilateral cooperation under the Poland-American-Ukraine-Cooperation Initiative (PAUCI) will enable Ukrainian entrepreneurs and central and local government officials to obtain training and advice from Poland-based sources of expertise. The GOP is also conducting its own foreign assistance program, focused on neighboring countries and facilitated through creation - with USAID support - of the Polish Know-How Foundation (PKHF). (See Annex C for a more detailed ten-year perspective)

The above synopsis of the past year's accomplishments and the ten-year SEED assistance program demonstrates that the decision to "graduate" the USAID program in Poland in FY 2000 remains valid. Poland has begun to deal with the continuing social, political and economic challenges it faces, such as corruption and rural poverty. The GOP is expected to handle those challenges relatively well. In brief, the basic objectives of the SEED program - to lay a foundation for long-term economic development and assist in the formation of democratic institutions - will have been achieved by the close of the program in September, 2000.

Given the above, no FY 2002 program funds are being sought, and no managerial or resource adjustments to reinforce prospects for success are being requested. However, as a result of new ADS 603 guidance, \$219,6000 of FY 2001 O.E. funds are required to cover 20 person-months of administrative closeout related work (see Part III, O.E. Budget narrative). Mechanisms for advancing sustainability are in place and significant institutionalization has already been achieved. To reinforce the sustainability of SEED objectives further, legacy organizations such as the Polish American Freedom Foundation (PAFF), the PKHF, and PAUCI have now been established with the latter two already starting to transfer Polish experiences and advice to other transition countries in the region. Programmatic and operational closeout activities are proceeding on schedule according to the plans previously submitted and approved by the Bureau, with the exception of some short-term extensions approved under the authority of the Mission Director to allow for orderly and complete closeout actions.

**Part II: Strategic Objectives Results Framework, Narratives and  
Performance & Indicator Tables**

## **USAID/Poland 181-013-01**

### **S.O. 1.3: Private Sector Development Stimulated at the Firm Level**

**Mission Self-Assessment:** On track. The targets set for this S.O. are being met. Private sector and small and medium-sized enterprise (SME) development activities have largely ended. Poland's economy has emerged from a relative slow-down that hit SMEs hardest. The GOP reduced tax rates on business, but pro-business regulatory and labor legislation reform have not materialized as the GOP continues to concentrate its efforts on social sector reforms. These reforms have placed additional reporting burdens on businesses, lowering their competitiveness. Business fears that labor legislation under consideration by parliament will make things worse. The DCA program will be amended, expanding its scope to allow the BISE bank to consider a wider range of viable energy efficiency projects currently under negotiation with their investors.

**S.O. Summary:** This S.O. supports Agency Goal #1 "Broad-based Economic Growth and Agricultural Development Encouraged", and Strategic Plan for International Affairs goal #6 "Promote broad-based economic growth in developing and transitional economies". It further contributes to Agency Goals #3 "Human Capacity Built Through Education and Training" and #5 "The World's Environment Protected for Long-term Sustainability", as well as Strategic Plan for International Affairs category #3 "Open foreign markets to free the flow of goods, services and capital".

S.O. 1.3 supports the development of the private sector in Poland by 1): ensuring laws lead to growth of SMEs (businesses employing up to 250 employees), including the creation of a market-oriented energy sector; and 2) supporting institutions needed by the sector – dedicated GOP SME agencies, business support organizations, management training institutions, specialists in pollution prevention and energy efficiency.

USAID work led to legislative changes to support Poland's emergence as a free-market economy. Business support organizations (BSOs) have reached high standards of quality and professionalism enabling them to meet the expectations and needs of Poland's business in the face of the approaching competitive shock of EU accession. USAID activities have worked with legislators, government officials, educators, and consultants, though the ultimate beneficiaries are Poland's current and budding entrepreneurs.

**Key Results:** USAID assistance was critical to the passage of a new Economic Activity law. USAID supported a GOP SME policy providing state funding for export promotion and innovation programs. The energy regulator (ERA) now efficiently regulates the energy market, and pre-privatization assistance to generating and distribution plants has facilitated GOP privatization plans. Consulting and management training institutions receiving USAID support are more profitable and professional, and have more clients who turn to them for help in improving their competitiveness.

Women business owners have been supported through the Polish Association of Women Entrepreneurs. Their role in developing Poland's small business was evident during a trade mission by women executives from Washington State, a roundtable between

women entrepreneurs and First Lady Hillary Rodham Clinton, and the Second National Women Entrepreneurs' Conference, all organized under the Firma 2000 activity.

**Performance and Prospects:** USAID activities to strengthen the SME enabling environment have been completed over the past year, except for work with technology transfer centers. S.O. activities over the past year have met planned targets and have contributed to achieving the results presented below:

Legal and regulatory reform

- passage of the Economic Activity Law laying down fundamental regulations for business in Poland. USAID funded drafting of the law and encouraged a consultative process new to Poland between business associations, government, and legislators;
- adoption by the GOP of an 1999-2002 SME policy that includes state funding to support export promotion and innovation programs;

Energy sector assistance

- the Energy Regulatory Authority (ERA) issued 2,500 licenses to 3,500 energy sector enterprises, approved and controlled 550 heat and electricity tariffs, regulated local government energy investments, and controlled quality and service standards;
- seven power generation and distribution companies, and over 60 district heating companies are now able to meet the ERA's tariff application requirements and know how to calculate justified costs, and set reasonable profits;
- energy efficiency training and energy audits have led to low-cost investments in public housing and public buildings, brought about four specialized SMEs, and leveraged over \$200,000 in investments from six participating city authorities;

Education

- The University of Minnesota has provided the Warsaw School of Economics (WSE) with a high-quality, sustainable dual-degree MBA program. The schools have signed a long-term cooperation agreement, and the MBA program contributed to WSE's acceptance as a member of the elite Community of European Management Schools;
- University of Maryland assistance to Lodz University led to the first Polish Executive MBA and other customized courses for industry. Distance learning capabilities (internet and video conferencing) make up this school's competitive advantage;
- long-term faculty development support from the University of Minnesota, contributed to the change of the official status of the Olsztyn Agricultural College to the Warmia and Mazuria University (October 1999);

Business support infrastructure

- work with a network of business support organizations has expanded their client bases, and introduced modern training and consulting techniques. With an additional six institutions financially and professionally sustainable, 3% of them no longer receive support;
- four manufacturing technology transfer centers have become industry-oriented and demand-driven. They have improved client outreach, attracted regional and national government funding, and generated income from consulting contracts. The activity has hit its stride after difficulties and a re-appraisal of aims noted in last year's report;
- four energy efficiency institutions now provide training, energy auditing, and consulting services to *gminas* and small business. Over 40 municipalities have been

trained in energy efficiency issues, and projects valued at \$600,000 have been implemented (leveraged) as a result of USAID's contribution of \$115,000;

- the Center for Housing Initiatives that provides business support to a country-wide network of 35 local agencies offering assistance to housing developers and others established with USAID funding. The Center and the agencies are self-sufficient;

Microfinance and loan guarantees

- BISE Bank signed an agreement to use DCA funding for loan guarantee coverage of up to \$10 million for thermomodernization projects under USAID-encouraged regulations to improve efficient use of heat energy in Poland's housing stock;
- access of small business to commercial finance has improved through networking and investment events for banks, businesses, and consultants concerning bank loans and venture capital. Over 530 loan packages were developed and over 400 loan and equity deals, worth over \$23 million were closed by BSOs;
- Fundusz Mikro expanded its microfinance activities to over 10,000 active clients, and has now provided over 31,000 loans for a total value of about \$50 million. The Rural Entrepreneurship Promotion program, focussing on rural credit and woman entrepreneurs, extended a total of 2,000 loans (420 in 1999) worth about \$3 million.

USAID assistance to the small business sector leaves in place the major elements of a functional SME support system, and has reduced the scope of a restrictive policy framework. Prior to closure of USAID's program, work continues on improving the transparency of tax administration, and enhancing SME competitiveness by strengthening manufacturing technology transfer centers (including possible changes to offset legislation to make the financing of innovations an eligible use). An evaluation of the small business sector and of USAID's impact on it is planned for spring 2000.

Regulatory and fiscal constraints must be eased further. Employment and GDP growth significantly rely on SMEs, but state enterprises dominate political discourse. USAID worked to build institutions that assist small business, but it is up to those institutions and the GOP to make the above noted improvements a reality prior to EU accession.

**Possible Adjustment to Plans:** None.

**Other Donor Programs:** The EU is the principal donor for the SME sector, but as part of regional development, trans-border, and structural programs. The World Bank and the EU support the Energy Regulatory Authority, building on USAID assistance. The EU is the lead donor in environment issues, with \$170 million expected annually through 2006.

**Major Contractors and Grantees:** A contract with Mendez England and Associates (a small, disadvantaged business) supports technology transfer centers. Management education programs are under a cooperative agreement with the University of Minnesota. Energy efficiency work happens under a cooperative agreement with the Foundation for Energy Efficiency. An IAA with the Department of Treasury on tax administration is active. Work by ACDI / VOCA, DAI, CHF, Elektrotek, and Bechtel ended this year.

**181-013-01**

OBJECTIVE: S.O. 1.3  
 APPROVED: May 1999

COUNTRY / ORGANIZATION: Poland / USAID

RESULT NAME:  
 Private Sector Development is Stimulated at the Firm Level

INDICATOR (SO LEVEL):  
 Private sector share of employment

UNIT OF MEASURE:  
 % of total labor force

SOURCE:  
 Central Statistical Office

INDICATOR DESCRIPTION:  
 Share of national employment provided by private firms

COMMENTS:  
 Data concerns all employment with majority private ownership (including farm employment and firms with employment of over 250 – the maximum limit of the SME category).

Private sector share of overall employment continues to increase in Poland. While the labor force as a whole shrank in 1998 (the latest year for which data are available), employment rose among small firms. Private sector employment would increase further if business associations persuade government and a union-dominated parliament to mitigate restrictive labor laws favoring uncompetitive large state enterprises. The share of women in the overall labor force continues to inch up, reaching 47.2%, with employment of women more dominant in public than in private sector enterprises.

Members of a baby-boom generation born in 1983-84 are beginning to join the labor force. Large state enterprises continue to shed workers and the need to create non-agricultural employment in rural areas continues unabated. Although unemployment dipped to 10.4% at the end of 1998, (with considerable regional variations persisting), it is again rising (13.9% in February 2000).

YEAR	Planned	Actual
1990 (B)		46%
1994		61%
1995		62.4%
1996	64%	64%
1997	65%	68.9%
1998	70%	70.7%
1999	73%	TBD



**181-013-01**

OBJECTIVE: S.O. 1.3  
 APPROVED: May 1999 COUNTRY / ORGANIZATION: Poland / USAID

RESULT NAME:  
 Private Sector Development is Stimulated at the Firm Level

INDICATOR (IR 1):  
 Laws enacted with broad and positive impact on SMEs

UNIT OF MEASURE:  
 Number of laws / amendments passed out of a total 14 targeted

SOURCE:  
 USAID and Gemini Small Business Project

INDICATOR DESCRIPTION:  
 Laws and their amendments passed by parliament that have a broad impact on SMEs

COMMENTS:  
 The economic activity law was drafted, with USAID support, and regulates the basic freedoms businesses in Poland enjoy; it puts Polish and foreign businesses on a common footing. The GOP adopted an SME policy for 1999-2002 that includes funding to promote exports and innovation. The laws reported on to date are: anti-trust law; collateral law; condominium law; rental reform law, tax related legislative acts (PIT, CIT, VAT), banking law, energy law, public procurement law, SME policy 1995-97, and the thermomodernization law.

YEAR	Planned	Actual
1990 (B)		0
1996	6	6
1997	8	9
1998	10	10
1999	12	12
2000	14	

To reach the 2000 target, two legal amendments need to occur: in tax administration and to the Labor Code. U.S. Treasury advisors continue to work with the Ministry of Finance, and a coalition of business associations is working with the Parliamentary SME committee. To date, these changes have been hampered by political opposition, and it is difficult to tell whether this can be overcome. USAID assistance prior to closeout will be very limited.

**181-013-01**

<p>OBJECTIVE: S.O. 1.3  APPROVED: May 1999 COUNTRY / ORGANIZATION: Poland / USAID</p>			
<p>RESULT NAME:  Private Sector Development is Stimulated at the Firm Level</p>			
<p>INDICATOR (IR 2.2.a):  Business support organizations have greater financial sustainability</p>			
<p>UNIT OF MEASURE:  Cumulative number of targeted business support organizations (BSOs) that are sustainable</p> <p>SOURCE:  FIRMA 2000; CHF; Fabrykat 2000; WEC; Elektrotek</p> <p>INDICATOR DESCRIPTION:  BSOs that provide business services to SMEs are capable of providing quality services beyond the termination of USAID / Poland financial support</p> <p>COMMENTS:  Sustainability includes financial (operating expenses must be covered by operating income), programmatic, and institutional components.</p> <p>The following BSOs are deemed sustainable in 1999: five BSOs under the Firma 2000 activity (Total Poznan, Kuszleyko Gliwice, Jesiolowscy Krakow, Sandomierz, Zelow), one energy efficiency BSO (Silesian Technical University's MEAC), five local agencies providing assistance to developers (AWIM), and the Center for Housing Initiatives (CIM). However, two BSOs listed in the FY2000 and FY2001 R4s from the BSP (Lublin, Walbrzych) have been struck from this count for excessive reliance on state funding and poor prospects for commercial sustainability.</p>	YEAR	Planned	Actual
	1996 (B)	13	13
	1997	20	28
	1998	40	46
	1999	52	56
	2000	55	

**181-013-01**

OBJECTIVE: S.O. 1.3  
 APPROVED: May 1999 COUNTRY / ORGANIZATION: Poland / USAID

RESULT NAME:  
 Private Sector Development is Stimulated at the Firm Level

INDICATOR (IR 2.2.B):  
 Management training institutions have greater financial sustainability

UNIT OF MEASURE:  
 Cumulative number of sustainable training institutions

SOURCE:  
 University of Lodz (PAM Center); Warsaw School of Economics;  
 Warmia and Mazuria University

INDICATOR DESCRIPTION:  
 Management training institutions that earn sufficient fees for long-term survival

COMMENTS:  
 Institutions deemed sustainable include: Small Business Institute, Rzeszow; Warsaw University International Postgraduate MBA Program; Central Connecticut State University / Wroclaw; and CCSU / Gdansk, OIC-Poland / Lublin. In 1999, University of Lodz / Maryland, and Warsaw School of Economics / Minnesota successfully graduated from USAID assistance.

The University of Lodz and Warsaw School of Economics MBA programs are fully sustainable. Only one of the courses at Olsztyn, the new Executive Master in Business and Public Management, is subsidized by USAID (20%) and the partner universities through July 2000. As target clients are local government officials with difficulty in meeting tuition fees and English language requirements, sustainability for this course is not assured.

Male students continue to dominate their female colleagues at MBA courses by a factor of about 3:1, though women make up 61 of students in economics.

YEAR	Planned	Actual
1990 (B)		0
1996		4
1997	4	4
1998	5	5
1999	8	8

## **USAID/Poland 181-014-01**

### **S.O. 1.4: A Competitive, Market-Oriented Private Financial Sector is Developed**

**Mission Self-Assessment:** Exceeded. The activities under this S.O. have mostly been completed, with the exception of assistance to pension reform and banking supervision. The robust performance of the financial sector, and its quick recovery from the effects of the Asian and Russian financial crises of the last two years, clearly demonstrate the sector's maturity and the confidence in which it is held by western and multinational financial institutions.

**S.O. Summary:** This S.O. supports Agency Goal #1 “Broad-based Economic Growth and Agricultural Development Encouraged”, and Strategic Plan for International Affairs goal #6 “Promote broad-based economic growth in developing and transitional economies”. The activities of the S.O. further contribute to Strategic Plan for International Affairs category #3 “Open foreign markets to free the flow of goods, services and capital”.

The purpose of this S.O. is to help Poland develop a sound, efficient financial sector with: 1) well-functioning supervisory and regulatory structures over financial markets; 2) access to reliable financial information; 3) a competitive banking system dominated by private banks and other financial institutions; and 4) availability of basic financial products and services. These were largely lacking when Poland began its transition to a market economy in 1989. Ultimate beneficiaries of S.O. 1.4 include financial intermediaries, domestic and foreign investors, businesses and consumers.

**Key Results:** Three key intermediate results are needed to achieve the S.O.: increased public confidence in financial sector institutions; improved efficiencies in financial markets; and increased availability of financial services and products.

**Performance and Prospects:** The developments in the financial sector over the past year are proof of its strength and rapid integration with world financial systems. Bank privatization has clearly advanced significantly. The quality of staff (at all management levels) of the various regulators is viewed very positively by their peers from the U.S. These developments have come about in part through the committed advisory assistance and training provided by USAID to Poland's decision-makers. As concerns the banking sector:

- 59% of banking sector equity is now owned by foreign institutions, and further consolidation of the sector with formation of large financial holdings is expected;
- Germany's Deutsche Bank attempted the first hostile acquisitions of a Polish bank by a foreign financial institution and, in spite of initial strong political pressures to block the take-over, banking regulators allowed market forces to take their course;
- leading banks quoted on the stock exchange continued their very good performance, and the number of personal bank accounts in Poland increased over the past year by almost 25%, bringing the number of existing accounts to almost 9 million;
- the housing finance system continues to become more competitive, as some 50 banks now claim to engage in lending for housing, and the portfolio share held by the

previous monopolist, PKO BP, has fallen to 63 percent. Total portfolio growth continues at about 90 percent annually.

In the case of capital markets, the Warsaw Stock Exchange index reached all time highs, as did similar indices for the USAID-created over-the-counter market (CETO), and the derivatives exchange. The overall capitalization of these markets is now estimated at over \$30 billion a 70% increase since 1998. In pension reform, about 9.6 million Poles chose to become members of the second pillar private pension funds (about equally balanced between men and women); in the competition among funds which ensued after the launch of the second pillar, three of the 21 licensed funds were much more successful at attracting members and have come to dominate three quarters of the total market, somewhat to the concern of the supervisory agency, UNFE. Private pension fund investments have been split between publicly traded bonds (60.8%), shares (29.7%), and T-bills (6.7%).

USAID involvement in the development of the financial sector continues on a very limited scale, and ensures the continued quality and transparency of the way it is regulated. In 1999, only one commercial bank failed – skillfully handled by the banking supervisor (GINB) – and seven insurance licenses were withdrawn (including that of Polisa SA, once the third largest insurer in Poland).

USAID has maintained its lead role in establishing the new private fully funded pension system. Public interest in opening private pension accounts surprised even the most optimistic authors of the system, with 9.6 million Poles joining private pension funds. In spite of this public vote of confidence, the reformed system as a whole experienced serious problems as the State Social Security transfer agent failed to transfer contributions to private pension funds properly and track individual contributions. Nevertheless, the supervisory agency UNFE (the key recipient of USAID pension reform assistance) developed well in its new role:

- UNFE reviewed 25 applications for private pension fund licenses (21 were granted), and also granted three licenses to employee pension fund operators (pillar three);
- USAID helped develop UNFE's information management and information technology capabilities, including key purchase of software that allows it to absorb data from pension funds, and thus monitor fund portfolios and trades on a daily basis;
- UNFE has adequate knowledge of the operations and issues facing other leading pension reform efforts throughout the world after study tours co-funded by USAID and UNFE to Mexico, Chile, Argentina, and the United States;
- the USAID-funded training needs assessment and training plan has been fully accepted by UNFE, which unexpectedly laid out an additional \$300,000 for training modules not funded as part of the USAID assistance package;
- a public information campaign designed with USAID support was constrained by smaller than expected outlays by the GOP for its implementation. Nevertheless, an October 1999 survey showed that as a result of the campaign over 60% of the population declared they knew where and how to obtain detailed information on the new pension system.

The Banking Supervision Inspectorate of the National Bank of Poland was provided with a complete On-Site Inspection Manual from USAID advisors, bringing under one cover five years of development experience in making this supervisory agency one of the most effective in the region. About 300 Polish bank inspectors, from both headquarters and regional bureaus, have undergone uniform and methodologically advanced training based on U.S. best practices from the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation. The Inspectorate is increasingly aware of the challenges posed by globalization, and now strives to meet Basle Committee on Banking Supervision principles. The Inspectorate has managed to maintain open, professional communications with the banking industry.

Other USAID activities supporting the financial sector included:

- short-term advisory assistance to key players in the Polish financial market: a seminar for the National Bank of Poland on the Y2K problem; sponsorship of four representatives from the Polish SEC to the 2nd Annual IOSCO Conference on Price Manipulation; a legal commentary for National Clearinghouse KIR on the long-term development of a viable RTGS payments system, and on payments system risk management; various legal commentaries for the Polish SEC; a stateside study tour providing training for pension fund managers and administrators; a seminar for PUNU insurance examiners on new insurance products being introduced on the Polish market as a result of direct foreign corporate insurance representation in Poland; and various interventions on municipal finance;
- completion of USAID assistance to Poland's credit unions through training to improve the management and operations of the unions, which is crucial for the safety of deposits. There are now 417 credit unions and branches in Poland bringing together 306,000 members with over \$215 million in deposits;
- continued success of a recent sustainable USAID graduate, the Central European Rating Agency, which produces reliable financial ratings. Apart from its domestic and foreign clients, it supported USAID through expert advice to municipal finance programs.

**Possible Adjustment to Plans:** None

**Other Donor Programs:** Most donors have completed or significantly reduced their assistance to Poland's financial sector. However, EBRD continues its assistance to, and investment in, Polish banks awaiting privatization. The World Bank considers Poland's financial sector to be a development success that no longer requires the Bank's assistance.

**Major Contractors and Grantees:** Assistance to the General Inspectorate of the National Bank of Poland is provided by Barents Group. Assistance to build the capacity of the Polish pensions regulator, UNFE, is provided by PricewaterhouseCoopers. Short-term advisors continue to be serviced by the Financial Services Volunteer Corps. Work by the World Council of Credit Unions and First Washington Associates ended during the reporting period.

**181-014-01**

OBJECTIVE: 1.4			
APPROVED: 5/96 COUNTRY/ORGANIZATION: Poland/USAID			
RESULT NAME: SO 1.4 A competitive, market-oriented private financial sector is developed			
INDICATOR: 1. Real growth in bank lending to the private sector			
UNIT OF MEASURE: % change in zlotys (PLN), deflated by change in consumer price index  SOURCE: National Bank of Poland  INDICATOR DESCRIPTION: Size of claims on private sector by deposit money banks  <hr/> COMMENTS: Recent macroeconomic data on bank lending to the private sector shows a decrease for the third consecutive year. Decreased lending is a reflection of economic trends in 1999, when growth in GDP and industrial production was markedly lower. Decreased lending to the private sector contrasts sharply with increased lending to government, both at a central and a local level, where combined figures show an increase of 72%. However, lending to the public sector, as a proportion of banking assets, is significantly lower than lending to the private and financial sector (3.3% vs. 58.2%).	YEAR	Planned	Actual
	1995		5.8%
	1996		27.5%
	1997	20%	29.4%
	1998	20%	25.5%
	1999	15%	13.5%
	2000	15%	

**181-014-01**

OBJECTIVE: 1.4			
APPROVED: 5/96 COUNTRY/ORGANIZATION: Poland/USAID			
RESULT NAME: SO 1.4 A competitive, market-oriented private financial sector is developed			
INDICATOR: 2. Stock Exchange's Market Capitalization as % of GDP			
UNIT OF MEASURE: % of GDP  SOURCE: Warsaw Stock Exchange (WSE) OTC market (CETO)  INDICATOR DESCRIPTION: Market value of securities listed on stock exchange (including OTC market) divided by nominal GDP	YEAR	Planned	Actual
	1994(B)		4%
	1996	7.9%	8%
	1997	12%	13.5%
	1998	16%	14.1%
	1999	18%	21.8%
	2000	20%	
COMMENTS: Towards the end of 1999, the Warsaw Stock Exchange's (WSE) all share index reached an all-time high. Investor interest in the capital market sparked new IPOs, although these mostly came as a result of privatization of state enterprises. The substantial boost received by the WSE came from floatation of the petrochemical giant – PKN SA, and companies from the IT/Internet sector. Nevertheless, the supply of new, privately-owned companies to both the WSE and the OTC market was weak, and Poland's capital market remains shallow. This will be an impediment to the development of Poland's economy as numerous institutional investors (notably the pension fund societies started in 1999) will have difficulty with investing in local stocks, with the exception of government debt. The Government of Poland has noted this danger of a market lacking in liquidity and aims to allow pension funds to invest abroad (with a 5% cap for foreign investments).			



**181-014-01**

OBJECTIVE: 1.4			
APPROVED: 5/96 COUNTRY/ORGANIZATION: Poland/USAID			
RESULT NAME: SO 1.4 A competitive, market-oriented private financial sector is developed			
INDICATOR: 3. Private banks' assets as a % of total banks' assets			
UNIT OF MEASURE: % of bank assets  SOURCE: National Bank of Poland  INDICATOR DESCRIPTION: Privately owned banks' assets divided by total bank assets, in zlotys (PLN)  <hr/> COMMENTS: In 1999, the Government continued its policy of privatizing the financial sector, selling banks and large insurance firms. Two large banks were privatized, notably the major retail bank PeKaO SA (sold to a consortium of Italy's Unicredito Spa, and German insurance giant Allianz AG), and Bank Zachodni (to Allied Irish Bank). A number of minority / residual shareholdings were divested (such as in BPH, to its majority owner, HVB AG), and state shareholdings in certain banks were put up for sale (e.g. PBK SA). Two major banks (retail savings bank PKO BP and the agricultural bank BGZ) remain in state hands. The end of 1999 saw an increased tendency for consolidation among banks and other financial sector entities (notably, insurance companies). It is expected that the M&A process will further accelerate, with the first hostile, international take-over attempt of a bank in Poland (Deutsche Bank AG taking control over BIG BG SA) occurring in early 2000. The share of bank assets owned by foreign institutions was 59% at the end of 1999.	YEAR	Planned	Actual
	1993 (B)		19%
	1995		31.7%
	1996	20%	33.5%
	1997	25%	50%
	1998	40%	50%
	1999	45%	75.9%
	2000	50%	

**181-014-01**

OBJECTIVE: 1.4			
APPROVED: 5/96		COUNTRY/ORGANIZATION: Poland/USAID	
RESULT NAME: SO 1.4 A competitive, market-oriented private financial sector is developed			
INDICATOR: 4. Value of household deposits as % of GDP			
UNIT OF MEASURE: Annual %  SOURCE: National Bank of Poland  INDICATOR DESCRIPTION: Value of household zloty deposits divided by GDP  —  COMMENTS: At the end of 1999, zloty deposits from households reached a total of \$38.1 billion, compared to \$33.5 billion in 1998, and \$26 billion in 1997. The three major Polish retail banks – PKO BP, PeKaO SA and BGZ SA lost their privileged position as the only banks with explicit state guarantee for the full amount of deposits, and the entire banking system in Poland has adopted the EU model of guaranteed deposits. It is expected that this move will dramatically change the composition of deposits in banks, lending proper weight to a bank’s market prowess.  Following on the consumer lending boom in early 1999, and a significant increase in interest rates in the fall of the same year, an increase in household savings is likely in 2000.	YEAR	Planned	Actual
	1994(B)		9.8%
	1995		21.5%
	1996		26.1%
	1997		25.0%
	1998		27.6%
	1999		26.9%
	2000	30%	

**USAID/Poland 181-023-01**

**S.O. 2.3: Local Government Is More Effective, Responsive, and Accountable**

**Mission Self-Assessment:** On track. USAID contributed significantly to the realization of new laws and policies on local government finance. The Local Government Partnership Program (LGPP) increased citizen participation in local government and the capacity to manage local government resources effectively. An increasing number of Polish local government support organizations (LGSOs) have become more effective.

**S.O. Summary:** This S.O. supports Agency Goal #2 "Democracy & Good Governance Strengthened", and Strategic Plan for International Affairs Goal #12 "Democracy and Human Rights". It contributes to Agency Goals #3 "Human Capacity Built Through Education and Training" and #5 "The World's Environment Protected for Long-term Stability" and Strategic Plan for International Affairs Goal #14 "Environment".

In January 1999, a new system of local administration was introduced, creating 2 new levels of local self-government and devolving increased political and financial authority to local governments. This S.O. supports development of legislation and policy that promote decentralization, enhance local government's capacity to manage more effectively and responsibly, and build the capacity of LGSOs to improve local government management.

Key Results: Four key intermediate results are necessary to achieve the strategic objective: 1) improved policy and legal framework supports local government functions (local government finance laws and policies support for increased fiscal decentralization); 2) public participation in local government decision making increased; 3) increased capacity to deliver services and manage local resources efficiently; and 4) Polish institutions supporting local government functions are more sustainable and effective.

**Performance and Prospects:** USAID used the same indicators as last year to measure SO performance. However, the new survey instrument to measure institutional effectiveness and sustainability, mentioned in last year's R4, proved not to be feasible. In lieu of that survey, the results of a consultant certification and cost-sharing program instituted under the LGPP have been employed to demonstrate institutional growth and sustainability. Under LGPP's cost-share program, 58 consultants were certified as able to provide quality assistance to local governments in the key areas of task-based budgeting, capital improvement planning, municipal service restructuring, and infrastructure finance. More than 80 local governments have signed up to receive assistance from these consultants on a cost-share basis, agreeing to pay for at least 25 percent of the cost of the assistance. This response suggests that there is, in fact, a demand for improved management methods and a market emerging for qualified consultants

The Freedom House's *Nations in Transit* rating for Governance and Public Administration for 1999 was 2/7, lower than the 1.75/7 in 1998. The 1999 Report suggests that the extent of the decentralization of local government finance and decision

making is still not sufficient. The new Local Government Finance Act should address these deficiencies. Popular views of the administrative reform are mixed.

During 1999, USAID advisors assisted the Ministry of Finance (MOF) to draft the Local Government Finance Act (LGFA). If the MOF's version is enacted, without significant amendment, a local supplement to the national personal income tax will be included as the key source of local revenue. USAID advisors also supported the development of a draft law on local government budgetary classification, which will be debated by the Council of Ministers in June 2000. When enacted, it will allow local government managers to have better control over their resources.

USAID assisted the Local Government Finance Department of the MOF in the development of an electronic quarterly local government finance report system, which includes monitoring of sub-national debt, as suggested by the World Bank. The system will greatly facilitate the MOF's efforts to provide equalizing subsidies and grants from the central budget to local governments. In addition, the availability of reliable financial data will reduce the financial and transaction risks for international financial institutions and investors, thus facilitating their participation in infrastructure finance for local government. Finally, the system will allow the MOF to compare costs of services across municipalities and establish national benchmarks for local government management.

USAID advisors also assisted the Ministry of Education (MOE) in the development of new formulas for education finance. (Education comprises thirteen percent of the GOP budget.) As a result of the application of the formulas during CY 2000, local governments have begun to rationalize the use of their education funds and to proceed with real reform and cost savings in a politically sensitive area

Technical assistance to the Housing and Urban Development Authority (HUDA), during 1999, facilitated a working partnership between HUDA and key industry stakeholders, resulting in the adoption of full-cost pricing and service delivery guidelines for municipal water and wastewater utilities consistent with international best practices. USAID consultants also assisted with the drafting of legislation based on these standards, which is scheduled for introduction to parliament later this year. At the local level, LGPP consultants are assisting municipalities to implement these guidelines and improve their creditworthiness and their management of water utilities. This assistance has supported a rapidly growing number of private sector investments. One of many examples is the city of Poznan which used the above mentioned water standards as a guide in preparing their last water rate plan and is now preparing the country's largest planned water concession arrangement.

Public participation in local government decision making was enhanced through USAID support efforts in NGO development and incorporating public participation in local government budget and strategic development processes. Most of the NGOs that have received USAID's assistance have become prominent and are actively involved in advocacy on behalf of local environmental, social, educational, and economic development issues. A local community foundations program, initiated with USAID funding two years ago, has already generated several endowment funds that support local

foundations. These foundations have begun making local grants and providing scholarships (42 scholarships awarded to date.)

As a result of USAID assistance, at least fifty local governments implemented model participatory processes in preparing budgets, long-term investment plans, and economic development plans or housing strategies during 1999. A survey of NGOs and citizens, in a sample of these local governments, revealed that over 50% of NGOs and over 20% of citizens believed that their involvement in gmina affairs had increased over the last year. These model participatory practices are being disseminated to gminas nationwide by the LGPP. As an example, the city of Nowa Deba has enacted a local ordinance requiring that the community be consulted, through opinion surveys, about the annual budget and proposed investments.

As a result of USAID management intervention in 1999, implementation of LGPP hit its stride. Under LGPP, 31 partner local governments and 43 non-partner local governments received assistance to strengthen management and improve service delivery. These numbers exceed the targets laid out in last year's R4. If LGPP targets for the year 2000 are met, LGPP supported Polish Local Government Support Organizations (LGSOs) will have provided assistance to more than 10% of the 2,400 local governments in Poland

In accordance with the Education Finance Reform mentioned above, USAID assistance enabled local governments to make more informed decisions on education, thereby reducing civic tensions. (More than 900 primary and high schools will be closed this year.) The city of Zyrzyn, making use of LGPP participatory strategic planning processes, decided to close three schools in remote villages and redirect saved resources into strengthening the school transport system and improving the quality of education.

In the coming years, vast amounts of EU accession funds will flow to Poland to support infrastructure provision. The main constraint to full and effective utilization of EU funds for infrastructure is the limited capacity of local governments to prepare infrastructure projects for financing. The LGPP program is designed to expand this capacity.

**Possible Adjustment to Plans:** None.

**Other Donor Programs:** USAID is collaborating with the World Bank's Rural Development Program Staff to develop criteria (conditions) for disbursing grants for infrastructure projects that will have to achieve full cost recovery within a specified period of time. The pricing and service standards developed by HUDA may serve as guidelines for enforcing these conditions.

**Major Contractors and Grantees:** Assistance to the MOF, MOE and HUDA was provided by Development Alternatives, Inc. and the Research Triangle Institute. LGPP is implemented by Chemonics International. Grants were provided to the Municipal Development Agency, the Partners Working Group, the Gdansk Institute for Market Economics, and the Foundation in Support of Local Democracy.

**181-023-01**

<p><b>OBJECTIVE:</b> SO 2.3 Local government is more effective, responsive, and accountable.</p> <p><b>APPROVED:</b> 05/96 <b>COUNTRY/ORGANIZATION:</b> USAID/Warsaw</p>			
<p><b>RESULT NAME:</b> Local government is more effective, responsive, and accountable.</p>			
<p><b>INDICATOR:</b> Nations in Transition Rating</p>			
<p><b>UNIT OF MEASURE:</b> Governance and Public Administration Rating. Based on a scale from 1 to 7. 1 is highest; 7 is lowest.</p> <p><b>SOURCE:</b> Freedom House's Nations in Transit rating for Public Administration. All countries in Central and Eastern Europe are rated.</p> <p><b>INDICATOR DESCRIPTION:</b> The Governance and Public Administration Rating measures the following:  Is the legislature the effective rule making institution?  Is substantial power decentralized to subnational levels of government?  What specific authority do subnational levels have?  Are subnational officials chosen in free and fair elections?  Do the executive and legislative bodies operate openly and with transparency? Is draft legislation easily accessible to the media and the public?  Do municipal governments have sufficient revenues to carry out their duties? Do municipal governments have control over their local budgets Do they raise revenues autonomously or from the central state budget?  Do elected local leaders and civil servants know how to manage municipal government effectively?  Has there been constitutional/legislative reform regarding local power?  Has there been a reform of the civil service code/system? Are local</p>	Year	Planned	Actual
	1995		
	1996		
	1997		1.75
	1998		1.75
	1999	1.75 or lower	2.0

<p>Has there been a reform of the civil service code/system? Are local civil servants employees of the local or central government?</p> <p>COMMENTS: Data from 1997, 1998, and 1999 ratings. These ratings serve as a barometer to measure major changes in governance in Poland. USAID activities will not directly influence these ratings.</p> <p>The Freedom House's <i>Nations in Transit</i> rating for Governance and Public Administration for 1999 was 2/7, lower than the 1.75/7 in 1998. The 1999 Report suggests that the extent of the decentralization of local government finance and decision making is still not sufficient. Public opinion polls also show mixed feelings about the administrative reform and the management of local government. The roles, responsibilities, and revenue sources of local governments must be better defined before further progress can be achieved.</p>	2000	1.75 or lower	
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**181-023-01**

<p><b>OBJECTIVE:</b> SO 2.3 Local government is more effective, responsive, and accountable.</p> <p><b>APPROVED:</b> 05/96 <b>COUNTRY/ORGANIZATION:</b> USAID/Warsaw</p>			
<p><b>RESULT NAME:</b> Improved policy and legal framework supports local government functions..</p>			
<p><b>INDICATOR:</b> Legislative actions that lead to greater decentralization in public administration and finance.</p>			
<p><b>UNIT OF MEASURE:</b> Legislation passed and implemented on (a) the establishment of new levels of local government Powiats/Voivodships, and (b) a new system of financing them that effectively decentralizes the public finance structure (Law on Public Finance).</p> <p><b>SOURCE:</b> USAID and Democratic Governance and Public Administration Program implemented by Development Alternatives, Inc.</p> <p><b>INDICATOR DESCRIPTION:</b> Legislation that establishes Powiats and/or other types of decentralized governmental structures and effectively decentralizes the authority for these defined functions and resources to support them to a lower level than the central government.</p> <p><b>COMMENTS:</b> Data for this indicator is based upon answers to the following question: "Has legislation been passed to (a) establish Powiat/Voivodships in Poland and (b) decentralize the public finance system?"</p> <ol style="list-style-type: none"> <li>1. Yes, it was passed, monitored, and reviewed after 6 months of implementation.</li> <li>2. Yes, it was passed.</li> <li>3. No, but it is under debate in Parliament.</li> <li>4. No, it was not passed..</li> </ol> <p>Legislation to create Powiats/Voivodships was passed in 1998. Its implementation began in 1999.</p> <p>*As a result of a political compromise during the administrative reform process, a temporary, transitional Local Government Finance Act (LGFA) was passed in 1998 to fund local governments during 1999 and 2000. This Act provided for increased but not sufficient fiscal decentralization. All parties agreed that a more definitive LGFA was to be passed in 2000 for implementation in 2001. During 1999,</p>	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
	1995		
	1996		
	1997	a-N3 b-N3	a-N3 b-N3
	1998	a-Y2 b-Y2	a-Y2 b-Y2
	1999	a-Y1 b-Y1	a-Y1 b-Y1*
	2000	b-Y2	



<p>USAID advisors assisted the Ministry of Finance (MOF) draft the more definitive LGFA. This Act, if passed in the MOF version, will provide significant fiscal decentralization. This version will be debated in Parliament during Summer 2000.</p>			
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**181-023-01**

<p><b>OBJECTIVE:</b> SO 2.3 Local government is more effective, responsive, and accountable.</p> <p><b>APPROVED:</b> 05/96 <b>COUNTRY/ORGANIZATION:</b> USAID/Warsaw</p>			
<p><b>RESULT NAME:</b> Increased capacity to deliver services and manage local resources efficiently.</p>			
<p><b>INDICATOR:</b> Gminas have the capacity to improve service delivery and/or to increase the level of resources available for infrastructure through allocation of resources based on one or more elements of an approved strategic management process</p>			
<p><b>UNIT OF MEASURE:.</b> Gminas improve service delivery capacity as evidenced by the adoption of one or more of the following:</p> <p>A strategic management planning process which has prioritized projects, activities, and expenditures and allocates resources on an approved multi-year funding plan and/or an approved capital investment plan.</p> <p>A strategic housing planning process, which has prioritized expenditures and allocated resources based on an approved multi-year funding plan.</p> <p>A capital investment planning process, which prioritizes projects and expenditures and allocates resources based on an approved multi-year funding plan.</p> <p>A task based budgeting system which organizes the gmina by task and which guides the budgeting preparation and management of task-oriented units or enterprises.</p> <p>Enterprise or fund accounting by one or more budgetary units, enterprises, or limited liability service companies.</p> <p>An infrastructure planning process, which prioritizes projects based on</p>	Year	Planned	Actual
	1995		
	1996		
	1997	8 pilot gminas	8
	1998		
	1999	16 partner gminas 35 non-partner gminas	31 partner gminas 43 non-partner gminas

<p>a comprehensive financial, social, and environmental analysis and which allocates resources based on an approved multi-year plan. An economic development planning process, which prioritizes activities and expenditures and allocates resources based on an approved multi-year funding plan.</p> <p>SOURCE: USAID and Local Government Partnership Program implemented by Chemonics, Inc.</p> <p>INDICATOR DESCRIPTION:</p> <p>COMMENTS: This indicator is to measure the contribution of the LGPP program to IR 3. Data for this indicator were assembled and reported by Chemonics and verified by USAID.</p>	2000	17 partner gminas 105 non-partner gminas	
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## **USAID/Poland 181-041-01 and 181-042-01**

### **S.O. 4.1: Special Initiatives and S.O. 4.2 Cross Cutting**

**S.O. Summary:** By definition, no Strategic Objectives, *per se*, are incorporated in special initiatives and cross cutting programs.

**Key Results:** There are no intermediate results in the conventional sense in either S.O. However, last year the Mission developed a conceptual framework for "effective implementation of social sector reforms" (see page 30, FY 2001 R4) which is somewhat analogous to S.O. 3.2 in the E&E Strategic Framework and informally represents the evolving emphasis in this sector.

As noted in the Overview, the GOP has undertaken an ambitious social sector reform program, essentially a second phase in the transition process after the fundamental political and economic reforms of the early nineties. Much to the credit of the GOP, even though it is having problems restoring cohesion to government policy and communicating its reform program successfully to the public, it has remained steadfast in its commitment to social sector reform. Cutting across several Strategic Objectives, USAID activities, such as assisting in the passage and promotion of pension reform legislation (see S.O. 1.4 narrative) and the joint Harvard/Jagiellonian University Development of Health management systems in Krakow (S.O. 2.3), have been contributing directly over the past years to social sector reforms. The SEED-funded Department of Labor worker adjustment project, supporting restructuring of the coal sector (S.O. 4.1), has been assisting the GOP to coordinate its efforts to address the negative impact of mass layoffs. Administrative reform (decentralization and devolution of authority) assistance (see S.O. 2.3 narrative) has been helping to enhance the capability of local governments to deal with new social sector implementation responsibilities. The Strategic Communications project (S.O. 4.1) is providing assistance to the GOP to enhance its public communications (outreach) capabilities and to get the public to understand the nature and objectives of its reform program better. This last effort has been complemented by the now completed, smaller ACILS/Solidarity Center project (S.O. 4.1) whose purpose was to educate workers and enterprise managers in pension program options; this activity also complemented the larger scale effort the Mission is carrying out with PricewaterhouseCoopers (see S.O. 1.4 narrative). Finally, in the area of environment and global climate change, the Poland Global Climate Change Program (S.O. 4.1) and Development Credit Authority (see S.O. 1.3 narrative) were initiated in late FY 1999

Results under S.O.s 4.1/4.2 include:

- Successful conclusion of Emergency Management Training. 40 high-level officials from central and local government, NGOs, and flood experts were sent to the United States for training in disaster preparedness and the effective delivery and coordination of emergency assistance. Upon their return, they collaborated on the enhancement of Poland's emergency management systems and the drafting of the Civil Preparedness Law and other relevant legislation.

- Successful conclusion of the ACILS/Solidarity project. 31,000 Polish workers were provided training and information on the newly implemented pension system, thereby enabling them to choose the best possible options.
- After encountering start-up problems, the strategic communications project got underway. Despite continuing GOP and contractor management problems, which has required restructuring the project, a number of concrete results have been achieved: inter-departmental teams of communicators have been established that are sharing information and undertaking the rudimentary coordination of communications; a model for working more effectively with the media has been developed within the Ministry of Education; a framework for organizing Town Meetings has been developed and successfully employed; and a Public Opinion Research activity has been launched which will provide models for using this type of research as an important communication tool. However, given the problems indicated above, other than in the successful communication of aspects of the education reform, the project has not yet had a major impact on the way information is communicated and, thus, has not effected changes in GOP policy or public opinion as a result of improved communications.
- A new activity was begun with the Institute of Labor and Social Studies to carry out an analysis of the labor market. The purpose of the project is to develop methods for stimulating employment and to make recommendations regarding deployment. The recommendations emanating from this research project will be utilized by policy makers to reduce structural unemployment in Poland.
- The Department of Energy prepared a letter transferring title of the Skawina flue gas desulfurization facility to the GOP (Skawina management). The letter was delivered at the end of March. This brought to closure the long-standing Skawina issue. (See the FY 2001 R4.)
- The Poland Climate Change Program was initiated in September 1999. The \$5 million grant supports GOP initiatives to mitigate climate change. Grant funds will be used to finance the importation of energy efficiency or environmental protection and mitigation equipment from the United States. Funds will be disbursed in three tranches in response to GOP legislative, regulatory and policy changes, actions or initiatives ("reforms") that enhance the prospects for environmental protection and greater energy efficiency. The two broad reform categories supported by the program are: 1) increasing Poland's participation in the Framework Convention on Climate Change; and 2) reducing emissions from the energy sector, industry, and urban areas by implementing legal and/or regulatory changes. The activity is on schedule and the GOP has complied with the conditions precedent for the disbursement of the first two tranches of funds amounting to \$ 3.5 million.
- Pollution reduction work under the Krakow Low Emissions project has eliminated over 100 low emission sources, converted over 8,500 home stoves to electricity, and modernized the heating system at the Polish-American Children's Hospital in 1999.

The project will eliminate 90% of the low emission sources in Krakow. Total assistance worth \$8.6 million for the final phase of the project leveraged over \$5.0 million from Polish authorities.

- Activities implemented in cooperation with the U.S. EPA have provided Polish organizations with the capability to apply for funding from the European Union's Instrument for Structural Policies for Pre-Accession (ISPA) to address the estimated \$40 billion environmental clean-up facing Poland. These activities, most of which ended in FY 1999, include: water management training and a public awareness campaign in Krakow; management of mining waste, biosolids, and hazardous waste; and development of projects with select municipalities in support of local government environmental action plan investments.
- The DOL Workforce Development Project (WDP) hit its stride during FY 1999. An estimated 957 individuals in Silesia, an area hard hit by the restructuring of the coal industry, have found jobs with the assistance of Labor-Management Adjustment Teams (LMATs) initiated under the project. Six of the twelve functioning LMATs in Silesia, are now serving 8,113 workers that are or will become redundant, and have provided direct support to 1,459 workers in vocational retraining and developing job search and placement skills. In Malopolska, another area effected by restructuring, LMATs are serving 3,130 workers targeted for lay-off.
- USAID/Poland worked with Polish partners and USAID/Kiev to start up legacy institutions capable of transferring Poland's positive transition experience to other countries in Central Europe and the NIS. PAUCI became operational in December 1999 and has begun to approve grant applications funded through USAID/Kiev. The Polish Know-How Foundation, a parastatal organization set up by Polish authorities to provide technical assistance to transition countries, will receive institution-building support to enhance its capability to run a program that embraces not only Poland's direct neighbors, but the Balkans as well.

**Major Contractors and Grantees:** Interagency agreements continue with the Department of Energy and Environmental Protection Agency on environmental activities in Krakow, and the Department of Labor to address the needs of workers that have been laid-off. Chemonics International is implementing the Strategic Communications project while Harvard School of Public Health is working on improving the management of regional health insurance funds. Grantees include the Ministry of Environment, Solidarity Trade Union, and the Polish Know-How Foundation (proposed).

### **Part III: Resource Request**

**Program Budget:** No new program funds are being requested for USAID/Poland in FY 2002. Program closeout, except for LGPP and the Loan Portfolio Guarantee program, is scheduled for September 30, 2000. All FY 1999 carry over funds will be committed in accordance with the S.O. distribution shown in the Management Contract Table in the FY 2001 R4. However, as a result of ongoing program monitoring, and the imminent program closeout date, there were some minor reallocation among activities within each S.O. to ensure achievement of results at that level, and in accordance with approved graduation plans. (See USAID/Poland Budget Activities Data Base Annex for details.)

#### **FY 1999 Carryover Budget (\$)**

<b>Strategic Objective</b>	<b>FY 99 Carryover Budget</b>
SO 1.3	433,040
SO 1.4	576,412
SO 2.3	5,686,049
SO 4.1	50,000
SO 4.2	1,408,867
<b>TOTAL</b>	<b>8,154,368</b>
SAA	
SAA I (SO 1.3 + SO 1.4)	1,009,452
SAA II (SO 2.3)	5,686,049
SAA III (SO 4.1 + SO 4.2)	1,458,867

**O.E. Budget:** USAID/Poland ceases most operations and programs on September 30, 2000. In accordance with the approved Operations Closeout Plan (see the FY 2001 R4, pages 33-34), USAID/Poland planned to fund residual O.E. support requirements for FY 2001 using forward funding of FY 2000 money through December 31, 2000. However, the newly published ADS 603 guidance restricts forward funding of contractual and other OE services to the first 15 days of a new fiscal year. As a result, \$219,600 of OE funding for FY 2001 is now required to cover 20 person-months of closeout work and related costs. Four persons (3 FSN PSCs and 1 USPSC) will close administrative operations from October 1, 2000 through November 30, 2000 and a fourth, (an FSN PSC accountant) will remain until the end of FY 2001. RSC/Budapest has agreed to request the \$219,600 as part of their FY 2002 R4 submission.

O.E. funded staff services are required in FY 2001 because 15 of the 24 USAID staff members who exit this fiscal year will not vacate USAID offices until September 30, 2000. Thus, four EXO administrative personnel will spend 36 workdays to dispose of

property, terminate leases and close contracts. The EXO staff will also assure continuity of ICASS/Embassy support operations for a residual staff of four that is scheduled to move from USAID to the US Embassy compound on August 1, 2000. This four person, program-funded residual team consists of a U.S. Team Leader and two FSNs who will remain to oversee the closeout of the Local Government Partnership Program on March 31, 2001. The fourth person, the O.E.-funded accountant remains for the entire fiscal year, and will be a part of the RSC/Budapest Controller staff. Recapping: eight USAID residual staff remain on board as of October 1, 2000. Shortly thereafter, four depart on November 30, 2000. Of the four who are left, three are program-funded staff, (One USPSC and 2 FSNPSCs) who will stay until March 31, 2001. The remaining USAID person - the O.E.-funded FSN PSC - leaves on September 30, 2001.

The \$219,600 of O.E. funds requested by RSC/Budapest for FY 2001 is mostly for PSC salaries, severance benefits, bonuses and ICASS services. (See Supplemental Annex E O.E. table for details.)



GLOBAL FIELD SUPPORT					
Objective Name	Field Support: Activity Title & Number	Priority *	Duration	Estimated Funding	
				FY 2000	
				Obligated by:	
				Operating Unit	Global Bureau
SO 1.3: Private sector development is stimulated at the firm level	Development Credit Authority	medium-high	3 years (1998-2000)	365,500	0
SO 1.4: A competitive, market-oriented financial sector is developed	Loan Portfolio Guarantee	medium-high	6 years (1998-2003)	0	0
SO 1.4: A competitive, market-oriented financial sector is developed	Housing Guarantee Loan	low	6 years (1993 - 1999)	0	0
SO 2.3: local government is effective, responsive and accountable	RUDO Operating Expenses	high	2 years (1998-1999)	0	219,000
SO 2.3: local government is effective, responsive and accountable	Condominium Development Program	medium	2 years (1998-1999)	0	0
<b>GRAND TOTAL.....</b>				<b>365,500</b>	<b>219,000</b>

\* For Priorities use high, medium-high, medium, medium-low, low

Funds were carried over from FY99

# FY99 CARRYOVER Budget Request by Program/Country\*

11-Apr-00

Program/Country: POLAND  
Approp Acct: SEED  
Scenario

\*(Mission does not have FY2000 NOA)

08:29 AM

S.O. # , Title		FY 1999 Carryover Request													Est. S.O. Expenditures	Est. S.O. Pipeline End of FY 99
	Bilateral/Field Spt	Total	Micro-Enterprise	Agri-culture	Other Economic Growth	Children's Basic Education (*)	Other HCD	Population	Child Survival (*)	Infectious Diseases (*)	HIV/AIDS (*)	Other Health	Environ	D/G		
SO 1.3 Private Sector Development stimulated at the firm level																
	Bilateral	433,040			433,040										433,040	
	Field Spt	0														
		433,040	0	0	433,040	0	0	0	0	0	0	0	0	0	433,040	0
SO 1.4 Financial Sector development																
	Bilateral	576,412			576,412										576,412	
	Field Spt	0														
		576,412	0	0	576,412	0	0	0	0	0	0	0	0	0	576,412	0
SO 2.3 Local Government is effective, responsive and accountable																
	Bilateral	5,686,049												5,686,049	5,686,049	0
	Field Spt	0														
		5,686,049	0	0	0	0	0	0	0	0	0	0	0	5,686,049	5,686,049	0
SO 4.1 Special Initiatives																
	Bilateral	50,000											0	0	50,000	
	Field Spt	0														
		50,000	0	0	0	0	0	0	0	0	0	0	0	0	50,000	0
SO 4.2 Cross-cutting																
	Bilateral	1,408,867			1,408,867										1,408,867	0
	Field Spt	0														
		1,408,867	0	0	1,408,867	0	0	0	0	0	0	0	0	0	1,408,867	0
SO 6:																
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SO 7:																
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SO 8:																
	Bilateral	0														
	Field Spt	0														
		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Bilateral		8,154,368	0	0	2,418,319	0	0	0	0	0	0	0	0	5,686,049	8,154,368	0
Total Field Support		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL PROGRAM		8,154,368	0	0	2,418,319	0	0	0	0	0	0	0	0	5,686,049	8,154,368	0

FY 99 CO Request Agency Goal Totals	
Econ Growth	2,418,319
Democracy	5,686,049
HCD	0
PHN	0
Environment	0
Program ICASS	39
GCC (from all Goals)	5,000,000

FY 99 CO Account Distribution (DA only)	
Dev. Assist Program	8,154,368
Dev. Assist ICASS	
Dev. Assist Total:	8,154,368
CSD Program	0
CSD ICASS	
CSD Total:	0

Prepare one set of tables for each appropriation Account  
Tables for DA and CSD may be combined on one table.  
For the DA/CSD Table, columns marked with (\*) will be funded from the CSD Account

**WORKFORCE TABLE**

Org_USAID/Poland End of year On-Board  <b>FY 2000 Estimate</b>	Private Sector SO 1.3	Financial Sector SO 1.4	Local Government SO 2.3	SO 4	SO 5	SpO1	SpO2	Total SO/SpO	Org. Mgmt.	Fin. Mgmt	Admin. Mgmt	Con- tract	Legal	Pgm Mgt	Total Mgmt.	Total Staff
<b>OE Funded: 1/</b>																
U.S. Direct Hire *			1					1	1	1					2	3
Other U.S. Citizens			<b>I **</b>					1			1				2	3
FSN/TCN Direct Hire								0							0	0
Other FSN/TCN	1		<b>I **</b>					2	1	5	7	1		2	16	18
Subtotal	1	0	3	0	0	0	0	4	2	6	8	1	0	3	20	24
<b>Program Funded 1/</b>																
U.S. Citizens	1							1							0	1
FSNs/TCNs	1	1	5					7							0	7
Subtotal	2	1	5	0	0	0	0	8	0	0	0	0	0	0	0	8
Total Direct Workforce	3	1	8	0	0	0	0	12	2	6	8	1	0	3	20	32
TAACS								0							0	0
Fellows								0							0	0
IDIs								0							0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL WORKFORCE</b>	<b>3</b>	<b>1</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>2</b>	<b>6</b>	<b>8</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>20</b>	<b>32</b>

1/ excludes TAACS, fellows and IDIs

**\*All USDH are due out before 9/30/00**

**\*\* OE-Funded RHUDO**

**N.B. Five FSN PSCs depart before 9/30/00**

WORKFORCE TABLE

Org_USAID/Poland End of year On-Board  <b>FY 2001 Target</b>	SO 1	SO 2	SO 3	SO 4	SO 5	SpO1	SpO2	Total SO/SpO	Org. Mgmt.	Fin. Mgmt	Admin. Mgmt	Con- tract	Legal	All Other	Total Mgmt.	Total Staff
<b>OE Funded: 1/</b>																
U.S. Direct Hire								0							0	0
Other U.S. Citizens								0							0	0
FSN/TCN Direct Hire								0							0	0
Other FSN/TCN								0		1					1	1
Subtotal	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	1
<b>Program Funded 1/</b>																
U.S. Citizens								0							0	0
FSNs/TCNs								0							0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Direct Workforce	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	1
TAACS								0							0	0
Fellows								0							0	0
IDIs								0							0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL WORKFORCE	0	0	0	0	0	0	0	0	0	*1	0	0	0	0	1	1

\* Funded by RSC/Budapest

WORKFORCE TABLE

Org_ USAID/Poland End of year On-Board								Total SO/SpO Staff	Org. Mgmt.	Fin. Mgmt	Admin. Mgmt	Con- tract	Legal	All Other	Total Mgmt.	Total Staff
<b>FY 2002 Target</b>	SO 1	SO 2	SO 3	SO 4	SO 5	SpO1	SpO2									
<b>OE Funded: 1/</b>																
U.S. Direct Hire								0							0	0
Other U.S. Citizens								0							0	0
FSN/TCN Direct Hire								0							0	0
Other FSN/TCN								0							0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Program Funded 1/</b>																
U.S. Citizens								0							0	0
FSNs/TCNs								0							0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Direct Workforce	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TAACS								0							0	0
Fellows								0							0	0
IDIs								0							0	0
Subtotal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL WORKFORCE</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

# USDH Staffing Requirements by Backstop, FY 2000 - FY 2003

Mission:USAID/Poland

Functional Backstop (BS)	Number of USDH Employees in Backstop in:			
	FY 2000	FY 2001	FY 2002	FY 2003
Senior Management				
<b>SMG - 01</b>	1	0	0	0
Program Management				
<b>Program Mgt - 02</b>	0	0	0	0
<b>Project Dvpm Officer - 94</b>	0	0	0	0
Support Management				
<b>EXO - 03</b>	0	0	0	0
<b>Controller - 04</b>	1	0	0	0
<b>Legal - 85</b>	0	0	0	0
<b>Commodity Mgt. - 92</b>	0	0	0	0
<b>Contract Mgt. - 93</b>	0	0	0	0
<b>Secretary - 05 &amp; 07</b>	0	0	0	0
Sector Management				
<b>Agriculture - 10 &amp; 14</b>	0	0	0	0
<b>Economics - 11</b>	0	0	0	0
<b>Democracy - 12</b>	1	0	0	0
<b>Food for Peace - 15</b>	0	0	0	0
<b>Private Enterprise - 21</b>	0	0	0	0
<b>Engineering - 25</b>	0	0	0	0
<b>Environment - 40 &amp; 75</b>	0	0	0	0
<b>Health/Pop. - 50</b>	0	0	0	0
<b>Education - 60</b>	0	0	0	0
<b>General Dvpm. - 12*</b>	0	0	0	0
<b>RUDO, UE-funded - 40</b>	0	0	0	0
<b>Total</b>	3	0	0	0

\***GDO - 12:** for the rare case where an officer manages activities in several technical areas, none of which predominate, e.g., the officer manages Democracy, Health, and Environment activities that are about equal. An officer who manages primarily Health activities with some Democracy and Environment activities would be a Health Officer, BS 50.

remaining **IDIs:** list under the Functional Backstop for the work they do.

<b>Org. Title: USAID/Poland - Submitted to RSC/Budapest</b>		<b>Overseas Mission Budgets</b>								
<b>Org. No: 22181</b>		<b>FY 2000 Estimate</b>			<b>FY 2001 Target</b>			<b>FY 2002 Target</b>		
<b>OC</b>		<b>Dollars</b>	<b>TF</b>	<b>Total</b>	<b>Dollars</b>	<b>TF</b>	<b>Total</b>	<b>Dollars</b>	<b>TF</b>	<b>Total</b>
11.1	Personnel compensation, full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.1	Base Pay & pymt. for annual leave balances - FNDH			0			0			0
	Subtotal OC 11.1	0	0	0	0	0	0	0	0	0
11.3	Personnel comp. - other than full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.3	Base Pay & pymt. for annual leave balances - FNDH			0			0			0
	Subtotal OC 11.3	0	0	0	0	0	0	0	0	0
11.5	Other personnel compensation	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.5	USDH			0			0			0
11.5	FNDH			0			0			0
	Subtotal OC 11.5	0	0	0	0	0	0	0	0	0
11.8	Special personal services payments	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.8	USPSC Salaries	337		337	12.5		12.5			0
11.8	FN PSC Salaries	360		360	48		48			0
11.8	IPA/Details-In/PASAs/RSSAs Salaries			0			0			0
	Subtotal OC 11.8	697	0	697	60.5	0	60.5	0	0	0
12.1	Personnel benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	USDH benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Educational Allowances			0			0			0
12.1	Cost of Living Allowances			0			0			0
12.1	Home Service Transfer Allowances			0			0			0
12.1	Quarters Allowances	10		10			0			0
12.1	Other Misc. USDH Benefits	8.1		8.1			0			0
12.1	FNDH Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	** Payments to FSN Voluntary Separation Fund - FNDH			0			0			0
12.1	Other FNDH Benefits			0			0			0
12.1	US PSC Benefits			0			0			0
12.1	FN PSC Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	** Payments to the FSN Voluntary Separation Fund - FN PSC			0			0			0
12.1	Other FN PSC Benefits	5		5			0			0
12.1	IPA/Detail-In/PASA/RSSA Benefits			0			0			0
	Subtotal OC 12.1	23.1	0	23.1	0	0	0	0	0	0
13.0	Benefits for former personnel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	FNDH	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0	Severance Payments for FNDH			0			0			0
13.0	Other Benefits for Former Personnel - FNDH			0			0			0

Org. Title: USAID/Poland - Submitted to RSC/Budapest			Overseas Mission Budgets								
Org. No: 22181			FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC			Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
13.0	FN PSCs		Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13.0		Severance Payments for FN PSCs	140		140	86.5		86.5			0
13.0		Other Benefits for Former Personnel - FN PSCs			0			0			0
	Subtotal OC 13.0		140	0	140	86.5	0	86.5	0	0	0
21.0	Travel and transportation of persons		Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0	Training Travel		10		10			0			0
21.0	Mandatory/Statutory Travel		Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0		Post Assignment Travel - to field			0			0			0
21.0		Assignment to Washington Travel	5		5			0			0
21.0		Home Leave Travel	5		5			0			0
21.0		R & R Travel	2.4		2.4			0			0
21.0		Education Travel			0			0			0
21.0		Evacuation Travel			0			0			0
21.0		Retirement Travel			0			0			0
21.0		Pre-Employment Invitational Travel			0			0			0
21.0		Other Mandatory/Statutory Travel	2		2			0			0
21.0	Operational Travel		Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21.0		Site Visits - Headquarters Personnel	15		15			0			0
21.0		Site Visits - Mission Personnel	8		8			0			0
21.0		Conferences/Seminars/Meetings/Retreats	9		9			0			0
21.0		Assessment Travel			0			0			0
21.0		Impact Evaluation Travel			0			0			0
21.0		Disaster Travel (to respond to specific disasters)			0			0			0
21.0		Recruitment Travel			0			0			0
21.0		Other Operational Travel	25		25	5		5			0
	Subtotal OC 21.0		81.4	0	81.4	5	0	5	0	0	0
22.0	Transportation of things		Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
22.0		Post assignment freight	40		40			0			0
22.0		Home Leave Freight	3		3			0			0
22.0		Retirement Freight			0			0			0
22.0		Transportation/Freight for Office Furniture/Equip.	17		17			0			0
22.0		Transportation/Freight for Res. Furniture/Equip.	2		2			0			0
	Subtotal OC 22.0		62	0	62	0	0	0	0	0	0
23.2	Rental payments to others		Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.2		Rental Payments to Others - Office Space	400		400			0			0
23.2		Rental Payments to Others - Warehouse Space	27		27			0			0
23.2		Rental Payments to Others - Residences	43.2		43.2			0			0



Org. Title: USAID/Poland - Submitted to RSC/Budapest			Overseas Mission Budgets								
Org. No: 22181			FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC			Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
Subtotal OC 23.2			470.2	0	470.2	0	0	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges		Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.3	Office Utilities		7		7			0			0
23.3	Residential Utilities		8		8			0			0
23.3	Telephone Costs		20		20	3		3			0
23.3	ADP Software Leases				0			0			0
23.3	ADP Hardware Lease				0			0			0
23.3	Commercial Time Sharing				0			0			0
23.3	Postal Fees (Other than APO Mail)				0			0			0
23.3	Other Mail Service Costs		5		5	3		3			0
23.3	Courier Services				0			0			0
Subtotal OC 23.3			40	0	40	6	0	6	0	0	0
24.0	Printing and Reproduction		5		5			0			0
Subtotal OC 24.0			5	0	5	0	0	0	0	0	0
25.1	Advisory and assistance services		Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.1	Studies, Analyses, & Evaluations				0			0			0
25.1	Management & Professional Support Services		68.8		68.8			0			0
25.1	Engineering & Technical Services				0			0			0
Subtotal OC 25.1			68.8	0	68.8	0	0	0	0	0	0
25.2	Other services		Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.2	Office Security Guards		30		30			0			0
25.2	Residential Security Guard Services		15		15			0			0
25.2	Official Residential Expenses				0			0			0
25.2	Representation Allowances		2		2			0			0
25.2	Non-Federal Audits				0			0			0
25.2	Grievances/Investigations				0			0			0
25.2	Insurance and Vehicle Registration Fees		1.5		1.5			0			0
25.2	Vehicle Rental				0			0			0
25.2	Manpower Contracts		5		5			0			0
25.2	Records Declassification & Other Records Services		10		10			0			0
25.2	Recruiting activities				0			0			0
25.2	Penalty Interest Payments				0			0			0
25.2	Other Miscellaneous Services		92.9		92.9	5.6		5.6			0
25.2	Staff training contracts		2		2			0			0
25.2	ADP related contracts				0			0			0
Subtotal OC 25.2			158.4	0	158.4	5.6	0	5.6	0	0	0

Org. Title: USAID/Poland - Submitted to RSC/Budapest			Overseas Mission Budgets								
Org. No: 22181			FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC			Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
25.3	Purchase of goods and services from Government accounts		Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.3	ICASS		216.1		216.1	54		54			0
25.3	All Other Services from Other Gov't. accounts				0			0			0
	Subtotal OC 25.3		216.1	0	216.1	54	0	54	0	0	0
25.4	Operation and maintenance of facilities		Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.4	Office building Maintenance		2		2			0			0
25.4	Residential Building Maintenance		12		12			0			0
	Subtotal OC 25.4		14	0	14	0	0	0	0	0	0
25.6	Medical Care										
	Subtotal OC 25.6		0	0	0	0	0	0	0	0	0
25.7	Operation/maintenance of equipment & storage of goods		Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.7	ADP and telephone operation and maintenance costs		3		3			0			0
25.7	Storage Services		1		1			0			0
25.7	Office Furniture/Equip. Repair and Maintenance		1		1			0			0
25.7	Vehicle Repair and Maintenance		1		1			0			0
25.7	Residential Furniture/Equip. Repair and Maintenance		1		1			0			0
	Subtotal OC 25.7		7	0	7	0	0	0	0	0	0
25.8	Substance & spt. of persons (by contract or Gov't.)				0			0			0
	Subtotal OC 25.8		0	0	0	0	0	0	0	0	0
26.0	Supplies and materials		12		12	2		2			0
	Subtotal OC 26.0		12	0	12	2	0	2	0	0	0
31.0	Equipment		Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31.0	Purchase of Residential Furniture/Equip.		2		2			0			0
31.0	Purchase of Office Furniture/Equip.		0		0			0			0
31.0	Purchase of Vehicles				0			0			0
31.0	Purchase of Printing/Graphics Equipment				0			0			0
31.0	ADP Hardware purchases		2		2			0			0
31.0	ADP Software purchases		1		1			0			0
	Subtotal OC 31.0		5	0	5	0	0	0	0	0	0
32.0	Lands and structures		Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
32.0	Purchase of Land & Buildings (& bldg. construction)				0			0			0

Org. Title: USAID/Poland - Submitted to RSC/Budapest			Overseas Mission Budgets								
Org. No: 22181			FY 2000 Estimate			FY 2001 Target			FY 2002 Target		
OC			Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
32.0	Purchase of fixed equipment for buildings				0			0			0
32.0	Building Renovations/Alterations - Office				0			0			0
32.0	Building Renovations/Alterations - Residential				0			0			0
Subtotal OC 32.0			0	0	0	0	0	0	0	0	0
42.0	Claims and indemnities				0			0			0
Subtotal OC 42.0			0	0	0	0	0	0	0	0	0
TOTAL BUDGET			2000	0	2000	219.6	0	219.6	0	0	0

**Additional Mandatory Information****Dollars Used for Local Currency Purchases**1100150**Exchange Rate Used in Computations**4.14.2

\*\*

If data is shown on either of these lines, you MUST submit the form showing deposits to and withdrawals from the FSN Voluntary Separation Fund.

On that form, OE funded deposits must equal:

0

0

0

FY2001 comments:

1. FSN payroll EXO till October Alicja till PP20/2001

2. Severance EXO + Alicja

3. ICASS 4,800 x 12

Organization: USAID/Poland

Foreign National Voluntary Separation Account						
Action	FY 2000			FY 2001		
	OE	Program	Total	OE	Program	Total
Deposits			0.0			0.0
Withdrawals			0.0			0.0

Local Currency Trust Funds - Regular		
	FY 2000	FY 2001
Balance Start of Year		
Obligations		
Deposits		
Balance End of Year	0.0	0.0

**Exchange Rate**                      \_\_\_\_\_

Local Currency Trust Funds - Real Property		
	FY 2000	FY 2001
Balance Start of Year		
Obligations		
Deposits		
Balance End of Year	0.0	0.0

**Exchange Rate**                      \_\_\_\_\_

**USAID/POLAND FY 2002 INFORMATION**  
**Environmental Impact**

**IEE/EAs for FY 2000:** Except for the ongoing LGPP, and Loan Portfolio Guarantee Programs, USAID ceases operations in Poland on September 30, 2000. USAID/Poland has reviewed its portfolio of new or amended activities to be obligated and implemented in FY 2000. There are no activities that may require an Initial Environmental Examination.

**Strategic Objective/Activity Compliance:** USAID/Poland has reviewed ongoing activities and has determined that they are in compliance with approved IEEs or Environmental Assessments.

**USAID/POLAND FY 2002 INFORMATION**  
**Global Climate Change**

USAID/Poland's contribution to GCC remains within the two main categories:

- 1: Reduced emissions from the energy sector, industry and urban areas.
- 2: Increased participation in the Framework Convention on Climate Change (UNFCCC).

**GCC Financial Plan by USAID/Poland:**

GCC/POLAND (\$ million)		
Activity:	FY 1999 obligations	FY2000 obligations
LGPP	1.5	
GCC Program Assistance	5.0	-----
DCA	0.36	0.37 (FY99 CO)
TOTAL:	6.86	0.37

Programmatic achievements (through FY99):

**A: Reduced emissions from the energy sector, industry and urban areas.**

1. *National/sub-national policy advances in the energy sector, industry and urban areas that contribute to the avoidance of greenhouse gas emissions.*
  - total amount of national and subnational policy changes: 7 (encouragement for preparatory works on National Environmental Policy and Environmental Protection Act; 5 local level city resolutions facilitating introduction of energy efficiency, thermomodernization or other greenhouse gas reducing technologies.
2. *Strategies/audits that contribute to the avoidance of greenhouse gas emissions*
  - total amount of strategies/audits completed: 108;
  - total amount of strategies/audits implemented: 8 (mainly: energy audits of buildings economic strategies for cities, etc.)
3. *Dollars leveraged through agreements with USAID donor partners (energy, industry and urban sectors)*
  - total amount leveraged: approximately \$459,000 (mainly through: TA, know-how transfer, cities match to energy efficiency investments).

4. *Institutional Capacity Strengthened/Increased capacity to address global climate change issues through workshops, research, and/or training activities.*

- total amount of institutions trained: about 200 (municipalities, SMES, NGOs, industries, in such areas as improved demand side management or integrated resource planning, competitive energy markets that promote market-based energy prices, decrease fossil fuel subsidies, or allow open access to independent providers, installation of energy efficient or other greenhouse gas reducing technologies, including improved efficiencies in industrial processes, energy in municipal planning; financing of energy efficiency projects; ecological policy and environmental audits in gminas).

**B: Increased participation in the Framework Convention on Climate Change (UNFCCC).**

USAID/Poland continues to cooperate with the Ministry of Environment and the National Environmental Fund to support Polish Government (GOP) initiatives to mitigate global climate change. On September 30, 1999, USAID and the GOP signed the Poland Climate Change Program Grant Agreement. The \$5.0 million in program assistance is being provided in response to GOP legislative, regulatory and policy changes, actions or initiatives ("reforms") enhancing the prospects for environmental protection and greater energy efficiency. The proceeds of the grant will be used to finance the importation of energy efficiency or environmental protection and mitigation commodities from the United States. All dollar proceeds will be disbursed by September 30, 2000.

The GOP met the conditions precedent for the first tranche of \$2.5 million on January 31, 2000 and for the second tranche of \$1.0 million on March 23, 2000. The following will be achieved prior to the end of the program on September 30, 2000:

- major ordinances put into effect under the 1997 Energy Law, the 1998 Act on Supporting Thermomodernization Undertakings, and the 1991 Forest Act;
- an environmental protection fees ordinance put into force under the 1980 Act on the Protection and Management of the Environment;
- appointment of a Steering Team consisting of representatives from key Polish government agencies to provide advice to the Minister of Environment on Poland's compliance with the United Nations Framework Convention on Climate Change Activities (UNFCCC);
- establishment of a consultative process including various public and private institutions and interested parties leading to the preparation of a draft National Environmental Policy;
- establishment of a Climate Change Convention Implementation Office with the mandate to administer activities to meet the commitments under the Climate Change Convention.
- approval by the Council of Ministers of a draft National Environmental Policy incorporating Poland's commitments pursuant to the UNFCCC;

- a draft Environmental Protection Act and other draft acts relevant to global climate change which incorporate provisions that ensure Polish compliance with international commitments made under the UNFCCC;
- establishment of a national center for recording greenhouse gas emissions; and
- a minimum of 16,000 hectares reforested or afforested for the 1998 period within the Nationwide Phase I Forest Increase Program



**Table 11**

**Result 3: Reduced Net Greenhouse Gas Emissions from the Energy Sector, Industry and Urban Areas**

**Indicator 4: Strategies/Audits that Contribute to the Avoidance of Greenhouse Gas Emissions**

Activity		Number of audits or strategies completed	Number or audit recommendations or strategies implemented	SO Number for Activity
Ex	Steam & Combustion Efficiency Pilot Project	41	35	2.1
1	FEWE/THERMOMODERNIZATION [5 CITIES, 5 AUDITS EACH : OLSZTYNEK, LUBAN, NOVY SACR, TRZCIANKA, BIALYSTOK] DOES NOT INCLUDE THOSE REPORTED IN FY 98.	25	5	2.3
2	ELECTROTEK:	3	3	1.3
3	ECONOMIC DEV.,STRATEGIC MGT/STUDIUM PREPARATION[ LGPP]	36		2.3
4	MUNICIPAL SERVICES [LGPP]	29		2.3
5	HOUSING [LGPP]	15		2.3
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				

## **RESULTS FRAMEWORK**

### **S.O. 1.3: Private Sector Development Stimulated at the Firm Level**

#### **I.R. 1: Policies, laws and regulations are conducive to broad-based competition and private sector growth and efficiency**

IR 1.1 Government organizations and NGOs advocate for policies in support of small and medium enterprises

IR 1.2 Energy regulatory mechanism strengthened

#### **I.R. 2: Development of a sustainable and client-responsive business support infrastructure**

IR 2.1 Business service organizations (BSO) develop SME client base

IR 2.2 Business service organizations and management training institutions have greater financial sustainability

IR 2.3 Increased BSO and management training institute training and technical capacity

### **S.O. 1.4: Competitive, Market Oriented Private Financial Sector is Developed**

#### **I.R. A: Increased confidence in the financial sector**

I.R. A.1 Improved supervision of the financial sector

I.R. A.2 Decreased risk to financial market participants

I.R. A.3 Effective self-regulation by financial intermediaries

#### **I.R. B: Improved efficiency of financial markets**

I.R. B.1 Increased competition in financial markets

I.R. B.2 Improved capability of financial market institutions

I.R. B.3 Effective data communication, clearance, payments and settlement systems

#### **I.R. C: Increased availability of standard financial services and products**

I.R. C.1 New financial instruments developed and marketed broadly

I.R. C.2 Financial services more widely accessible

### **S.O. 2.3: Local Government is Effective, Responsive and Accountable**

#### **I.R. 1: Improved policy and legal framework supports local government**

#### **I.R. 2: Participation in local government decision-making increased**

I.R. 2.2 Increased involvement by citizens, NGOs, and business in local civic process

I.R. 2.2 Local governments create and expand mechanisms for citizens, NGOs, and business input

#### **I.R. 3: Increased capacity to deliver services and manage local resources efficiently**

I.R. 3.1 Increased technical and managerial capacity

I.R. 3.2 Increased level of financial resources available for use

#### **I.R. 4: Support systems for local government functions are sustainable and more effective**

I.R. 4.1 Providers of technical assistance, training, dissemination of best practices models, lobbying, research, organized community involvement and other support to local government are sustainable and available nationwide

I.R. 4.2 Providers of services are more effective

### **S.O. 4.1: Special Initiatives**

### **S.O. 4.2: Cross-cutting**

**A DECADE OF USAID ASSISTANCE  
1990-2000**

## LIST OF ACRONYMS

ABA/CEELI	American Bar Association/Central East European Law Initiative
ACILS	American Center for International Labor Solidarity
BORIS	Social Initiatives Services Bureau
BSOs	Business Support Organizations
CASE	Center for Social and Economic Research
CDC	Citizen's Democracy Corps
CEE	Central and Eastern Europe
DemNet	Democracy Network
DGPA	Democratic Governance of Public Administration Project
DOC	U.S. Department of Commerce
DOE	U.S. Department of Energy
DOJ	U.S. Department of Justice
DOL	U.S. Department of Labor
EBRD	European Bank for Reconstruction and Development
ECESP	East Central European Scholarship Program
EID	European Institute for Democracy
EMS	Emergency Medical Supply
EPA	U.S. Environmental Protection Agency
ERA	Polish Energy Regulatory Agency
EU	European Union
FSLD	Foundation for the Support of Local Democracy
FTC	Federal Trade Commission
GDP	Gross Domestic Product
GOP	Government of Poland
HGL	Housing Guaranty Loan
HMO	Health Management Organization
IBRD	World Bank
ICMA	International City Management Association
IESC	International Executive Senior Corps
LGPP	Local Government Partnership Program
MA	Municipal Association
MIHTC	Milwaukee International Health Training Center
MOE	Ministry of Education
MOF	Ministry of Finance
MOL	Ministry of Labor
MOP	Ministry of Privatization
MTI	Ministry of Trade and Investment
MUCIA	Midwestern Universities Consortium for International Activities
NBP	National Bank of Poland
NDI	National Democratic Institute
NDS	National Depository of Securities
NED	National Endowment for Democracy
NGO	Non Governmental Organization
PADCO	Planning and Development Collaborative Organization

PAEF	Polish American Enterprise Fund
PAFF	Polish American Freedom Foundation
PAUCI	Poland-American-Ukraine Cooperation Initiative
PBA	Polish Bank Association
PCV	Peace Corps Volunteers
PEF	Polish Equity Fund
PFVA	Polish Federation of Valuer's Association
PHARE	Polish Hungarian Assistance in Restructuring Economy
PIET	Partners for International Education and Training
PKHF	Polish Know - How Fund
PREF	Polish Real Estate Federation
PSC	Polish Securities Commission
PTPE	Participant Training Project for Europe
PVO	Private Voluntary Organization
RHUDO	Regional Housing and Urban Development Office
SEC	U.S. Security and Exchange Committee
SEED	Support for Eastern European Democracies
SME	Small Medium Enterprise
UIC	The Urban Institute Consortium
UNFE	Superintendency for Pension Funds Supervision
USAID	United States Agency for International Development
USIA	United States Information Agency

In 1989, Poland was characterized by an unsettled political scene; hyper-inflation and shortages of basic products; non-convertible currency and lack of foreign monetary reserves; hidden unemployment; an inefficient economy with subsidies amounting to 15% of Gross Domestic Product (GDP); a state-owned sector amounting to over 75% of GDP; a housing sector with little private or legal infrastructure and a stock of housing well below western European standards; highly centralized government services and inadequate public administration; deteriorating social benefits; a weak regulatory framework and financial sector infrastructure; and lack of trained entrepreneurs with adequate access to credit (in general, an industrial sector incapable of adapting to the new conditions of a market economy).

The very severity of the situation was in a way a blessing, as it demanded a radical approach. The "shock therapy" program applied in late 1989 resulted in a dismantling of all central economic planning mechanisms and the introduction of a market economy. The effects were dramatic. Liberalization of prices allowed them to rise in response to market forces, during a period of corrective inflation, and to find their own level. As a result, inflation fell from 685% in 1990 to 43% in 1992, reaching 8.7% in October 1999. Many direct government subsidies were eliminated. A new currency law ended the previous artificial official exchange rate for the zloty and full domestic convertibility was introduced. Foreign trade transactions were liberalized and trading monopolies abolished, initiating a considerable rise both in exports and imports. In 1997, Poland registered the highest growth rate in Europe with GDP growing 6.8%. Growth fell to 4.8% in 1999, as Poland continues to feel the effects of the economic downturn in Russia and Western Europe. Essentially, the introduction of reforms resulted in: improved quality and increased competitiveness of industrial production, supported by export growth and increased domestic consumption; hyper-inflation gradually being brought under control; the zloty regaining its monetary function and foreign currency reserves being established; prices liberated with the exception of a limited number of goods; the command economy replaced by a broad, balanced market economy; agreement reached with foreign state and commercial creditors; and privatization programs and foreign investments reducing the dependence of the economy on the public sector. (The private sector now employs over 70% of Poland's labor force and produces more than half of its GDP.)

Poland continues successfully to evolve toward economic modernization. Although the Polish economy entered the 1990s as one of the weakest in Central Europe, it has entered the new millennium as one of the strongest! Ten years after its transformation to a democratic, free market country, Poland stands out as one of the most successful and open transition economies in Central and Eastern Europe (CEE). The European Bank for Reconstruction and Development (EBRD) in late 1998 rated Poland and Hungary as the two countries most advanced in the transition process. All three of the major credit rating agencies have given Poland an "investment grade" sovereign rating. Most important, however, the country has not stood on its laurels given the impressive success of its earlier bold reforms. In 1999, the Government of Poland (GOP) launched several large structural reform programs including introduction of a new system of local government administration, pensions, education and health care. In public administration, political

and some financial authority devolved to regional and local governments. The pension system will now increasingly rely on investments in private pension funds thereby reducing the burden of the social security system on the central budget and, over the longer-term, increase the depth of Polish capital markets. The health care reform introduces Health Care Management Organizations (HMO)-like regional organizations and freedom of choice among competing providers. The education system will be revamped to make it more efficient. The GOP has also embarked on a coal sector restructuring program.

USAID assistance has contributed significantly to the Polish success story. USAID began office operations in Poland in 1990. The program focused on: 1) development of a strong market economy and private sector; 2) development and strengthening of institutions necessary for sustainable democracy; and 3) improvement of the basic quality of life in selected areas. From 1989 to 1990 USAID assistance was predominantly focused on humanitarian assistance and stabilization programs, and far less than on transformation and development of an adequate institutional and legislative framework. This was considered by the GOP as a first phase of assistance calling it "fast emergency aid." The second phase of assistance, which commenced thereafter, addressed the process of transforming the economy and the social-political system into a free market economy. (See attachments A, B, C and D for detailed retrospectives of USAID/Poland's primary areas of assistance: financial and private sector development, including energy and environmental protection, housing and local government.)

## **A. Early Years of Assistance: 1990-1993**

### ***1. Economic Stabilization and Restructuring***

In the area of economic stabilization and restructuring USAID, in collaboration with the United States Information Agency (USIA), Department of Labor (DOL), Environmental Protection Agency (EPA) and Department of Commerce (DOC) provided assistance to: enterprises; developing an adequate legal/regulatory framework (in particular competition policy and laws); farmers; and the removal of trade impediments. In 1993, greater attention was placed on privatization and enterprise restructuring, bank recapitalization and business development, with small and medium enterprises (SMEs) becoming a priority area. During the 1990-1993 period, efforts to assist economic reforms took the form of establishing new frameworks through:

#### ***(a) Introduction of Legislative Changes:***

Assistance was provided that aimed at improving the business climate through design of new tax policies and establishment of anti-trust laws, practices and procedures for a nationwide network of regional offices. The Antimonopoly Office, in cooperation with the U.S. Federal Trade Commission (FTC) and U.S. Department of Justice (DOJ), successfully developed a strong legal and institutional framework to pursue investigative practices and competition policies. The American Bar Association's Central and Eastern European Law Initiative (ABA/CEELI) worked with the GOP and Polish universities to

design and implement foreign and domestic investment laws, a system for resolving commercial disputes, procurement systems and supporting legislation, and commercial real property and intellectual property rights. Further, the work of the U.S. Securities Exchange Commission (SEC) resulted in the establishment of a sound Polish securities market. Advisory assistance was provided which led to banking reform including exchange rate policy, credit policy, analysis and internal credit rating systems, training in negotiations with external creditors and donors (which led to effective Paris and London Club agreements), and the assessment of international and financial developments.

*(b) Enterprise Restructuring, Privatization and New Investments:*

1991 saw the beginning of assistance for bank recapitalization and enterprise development. The resources dedicated to these activities increased significantly in 1993. The activities conducted under the Privatization and Restructuring Project included provision of pre-privatization assistance (LOT Polish Airlines); training of management union leaders and SME state enterprises in privatization issues and basic skills under the regional Privatization Initiative; business valuation of a joint venture for Huta Warszawa (a steel mill and one of Warsaw's largest plants); and development of a complementary scheme of private pensions with the Ministry of Labor (MOL). Concomitant with this effort, Price Waterhouse provided assistance to the Ministry of Privatization (MOP) to enhance its capacity to rapidly select, appraise, value and divest enterprises.

Since 1990, the activities of the Polish American Enterprise Fund (PAEF) have been essential to the above efforts. During the past ten years it has provided loans for investment purposes to SMEs, as well as financing for private banking, agribusiness and health care products and services. In addition, several successful joint ventures, which included large investments, were also financed by PAEF. The profits generated by the PAEF helped, subsequently, to finance its further activities and attract investment from other sources. The rapid growth and expansion of activities and increased technical assistance were significant and resulted in the expansion of the private sector. The numbers speak for themselves. The U.S. provided \$240 million to PAEF and programs linked with it, and together with other capital (and the multiple involvement of entrusted capital), the fund has disbursed more than \$505 million. Today, the enterprises in which the Fund has invested generate combined revenues exceeding one billion dollars and employ more than 21,000 people. In addition to more than \$200 million worth of loans, including 26,000 small and micro-scale loans distributed by entities linked with the PAEF, many direct capital investments have been made - a total of 310 million by the end of September, 1997. In brief, the Fund has become a major source of support for the development of entrepreneurship in Poland.

Significant attention, during 1991-1992, was also given to agribusiness development and to the adjustment of the agricultural sector to the emerging market system. Business and management training, and assistance in the development of an independent cooperative banking system, were priority areas. Equally important were the Support for East European Democracies (SEED)-funded programs that addressed modernization of animal breeding, improvement in food production (processing and marketing), and meat



processing. As a result of these efforts, Polish agriculture began to be better positioned to face global market realities.

*(c) Restructuring of the Housing Sector:*

In 1991, USAID embarked on a program to assist in the transformation of a housing delivery system from one constrained by central planning to one which was market-based, efficient and effective. The aim of assistance in this area was to increase the supply of affordable housing and enhance the role of the private sector in this process. USAID assistance focused on: 1) development of a housing finance system; 2) decentralization of responsibilities for housing delivery through local government and housing privatization; and 3) increased production of housing by private developers and builders. The USAID program addressed policy and institutional reform and provided technical assistance.

*(d) Human Resource Development:*

The East Central European Scholarship Program (ECESP) provided for international training programs aimed at supporting democracy and improving quality of life. Over the course of its ten year history in Poland (the program began as a regional activity in 1989), ECESP trained 436 Polish leaders, experts, administrators and managers in such fields as: democratic leadership, public administration, formulation of public policy, health care administration and reform, finance and banking, regional development, business administration and education. The program will continue to work with the ECESP Alumni Association and the Institute for Public Health Management that it helped found. The program plans to cooperate with Polish alumni to provide training for other countries in transition throughout Europe.

Business development through training, technical assistance from Private Voluntary Organizations (PVOs) and establishment of other business services represented a third essential component of support for economic reforms. These programs, many of them implemented by USIA, focused on curricula design and resource base formation. In addition, Peace Corps Volunteers (PCVs) provided business training courses throughout Poland. Furthermore, the outcome of programs conducted by U.S. universities such as the Midwestern Universities Consortium for International Activities (MUCIA), Central Connecticut State and the University of Minnesota, although not directly aimed at the reform of institutions of higher education, nevertheless instituted such reforms. Not only was an essential cadre of educators, investors, and market professionals trained, but also - equally important - a new catalyst for further institutional reform of business and economics education emerged.

## ***2. Social Sector Restructuring and Quality of Life***

The focus of USAID assistance early on in this area was humanitarian and addressed emergency supplies, including food, equipment; training and establishment of health care partnerships. By 1992, housing sector programs received much needed attention through

projects aimed at the restructuring of the housing sector, assistance in privatization, development of a housing finance system, and relevant training. In 1993, several environmental initiatives expanded efforts in this area beyond the city of Krakow where they had been initiated. Efforts in this area include the following:

*(a) Health and Social Safety Net Assistance:*

While environmental initiatives dealt with larger issues of systematic change, direct attention was needed to address the deterioration in health services standards. Emergency equipment, medicines, vaccines, antibiotics and improvement in rapid response to infectious diseases received attention in 1991. In subsequent years, health care efforts successfully concentrated on the initiative of rebuilding and restructuring the health care system in Poland. Through the efforts of the Milwaukee International Health Training Center (MIHTC) and the Albany Medical College, several model pilot centers were developed including: an accident prevention and poison control program in Bialystok, cancer detection centers in Warsaw and Krakow, and three Emergency Medical Supplies (EMS) Information and Learning Resource Centers in Krakow, Lodz and Bialystok. USAID assistance also focused on the development of private health markets and the expansion of health care related efforts by U.S. non-governmental organizations (NGOs). The opening of the new wing of the Polish-American Children's Hospital in Krakow, and extensive provision of medical equipment, supplies and medicines, contributed to substantial improvements in health care delivery systems in over 140 hospitals throughout Poland.

Another important and unique initiative has been the Labor Market Transition Project implemented by DOL. This project addressed the plight of workers negatively affected by economic reforms. (A follow-up effort, the Workforce Development Project, commenced in 1998, and is discussed later.)

*(b) Environment and Energy Assistance:*

Initially, environmental assistance had a more regional focus and its direct application in Poland was limited to the establishment of several projects in Krakow aimed at pollution reduction, improvement in drinking water, and establishing a monitoring network. Equipment was provided to improve monitoring of air quality and wastewater treatment. Subsequently, environmental audits and environmental assessment programs were conducted and environmental experts and engineers trained.

In 1991, USAID began work on improving energy efficiency in Poland and restructuring the sector. The Emergency Energy Program went into effect and focused on energy efficiency improvements and price reform. By 1992, efforts had begun to concentrate on the restructuring of the entire sector and development of programs addressing issues of policy, training and public information. By 1993, the program was addressing: 1) institutional development through "twinning" of U.S. and CEE environmental specialists, public education and awareness, risk assessment, and legislative initiatives; 2) technical

assistance that involved environmental training and education involving public and NGO participation; and 3) regional cooperation.

A major effort to reduce pollution in the city of Krakow has also been highly successful. With assistance from DOE, at its conclusion, the project will have eliminated 90% of the low emission sources in Poland's historic capital. Unfortunately, another DOE-assisted project to install a flu gas desulphurization system at the Skawina power plant, outside of Krakow, to control CO2 emissions, did not fare as well. As a result of technical problems, the project had to be terminated and the remaining funds used to assist GOP initiatives to mitigate global climate change (see page 13).

### ***3. Strengthening Democratic Institutions***

USAID activities in support of the democratic process, as in the case of other sectors of assistance, have changed during the history of the program. The initial focus was on political institutions at the national level. Along with the reform of governmental structures, pluralism has been enhanced through the development of independent media, assistance to trade unions, cultural and educational exchanges, educational reform, and book distribution projects run by USIA. Activities include the following:

#### *(a) Political Process and Participatory Institutional Development:*

In the initial period, 1990-1991, the majority of funding went to the National Endowment for Democracy (NED) which subsequently distributed the funds to a variety of institutions, achieving a large degree of pluralism in the institution-building process, and NGO development. USIA efforts addressed issues of professional development among judges, environmental professionals, urban planners, lawyers, journalists, and local government officials. The acquisition of new experiences and skills contributed to building Polish models and strengthening civil society. SEED-funded assistance also went to the establishment of independent media and the creation of the Media Resource Center. The center provided training in production techniques, management, budgeting, and marketing

#### *(b) Rule-of-Law and Public Administration Reform:*

Initially, under the "Frost Committee", the Library of Congress and other congressional institutions provided equipment and extensive technical assistance to build parliamentary capacities to provide information and conduct research. On the local government level, by 1992, USAID was providing modest assistance for training local government personnel. The programs developed by Rutgers University, in partnership with the Foundation for the Support of Local Democracy, dealt with local finance and budgeting, personnel management, and service delivery.

Part of USAID's success during the 1990-1993 period in contributing to reforms lies in the diversity of means that were utilized and the wide range of needs that were targeted

during that period. However, the predominant emphasis on providing U.S. short-term advisors, rather than on the creation of sustainable institutions, weakened the longer-term impact of some programs. This was to change later as the nature of the USAID program evolved.

## **B. Maturing of reforms: 1994-1995**

During 1994-1995, USAID assistance was expanded both in terms of numbers of organizations involved and number of locations in Poland where it was delivered. During 1994, for example, over 85 U.S.-based organizations conducted activities in more than 1,500 locations.

By 1994, several programs, which began at the outset of the transition, were completed (e.g., bank training); others, such as emergency and stabilization programs, also ended, as they were no longer needed; and several others were consolidated or expanded in new directions (e.g., housing policy assistance). Given the changing situation in Poland, USAID assistance was reconfigured, in particular private and financial sector development and transformation of the public sector.

### ***1. Private and Financial Sector***

Support for privatization and enterprise restructuring continued in 1994, and shifted more directly towards assistance to SMEs and expansion of the banking system. A variety of privatization programs were completed. Within agriculture and agribusiness restructuring, more focus was placed on coordination with other donors, in particular the IBRD. A greater emphasis was also placed on U.S.-based training programs. Finally, emergency energy programs were terminated and remaining energy programs were refocused to address, more specifically, the two assistance areas of private sector development and public sector transformation. This effort was carried out through:

#### *(a) Assistance to Enterprises and Privatization Programs:*

The initiatives and efforts of the PAEF continued through this period and have been discussed earlier. As indicated, they covered a wide spectrum of activities and resulted in thousands of new jobs being created, a direct outcome of investments and loans made to enterprises. PAEF also provided extensive technical assistance. PAEF made essential contributions to the creation of the first mortgage bank in Poland, became a shareholder in three banks, invested in more than 30 joint ventures, and attracted major funds from the EBRD and other donors to form a Polish Equity Fund (PEF).

The International Executive Service Corps (IESC) and the Citizen's Democracy Corps (CDC) carried out assistance to SMEs, as well as Partners for International Education and Training (PIET) under the Entrepreneurial Management and Executive Development Training (EMED) program. Privatization funding continued, but at a lower level, and was aimed at: 1) preparation for the Mass Privatization Program including design of national investment funds, an adequate legal framework, training, and strategic planning; and 2)

assistance with firm-specific privatization efforts. All these efforts were complimented by attempts to improve regulatory mechanisms.

USAID also provided significant assistance to the Energy Restructuring Group (ERG), an advisory group established to support the Ministry of Trade and Industry (MTI). ERG was established in 1993, and was co-sponsored by the Poland Hungary Assistance in Restructuring Economies (PHARE) program, USAID, and the IBRD. Although the IBRD was responsible for restructuring the coal sector, PHARE for heating and USAID for electricity, the three donors reinforced each other's efforts across the three sectors. The major objective of the collaborative effort was to support the GOP energy sector reform program, including the creation of the Energy Regulatory Agency (ERA) and development of the Energy Law.

*(b) Capital Markets and Financial Sector Development:*

Activities in this area focused on the securities industry and were expanded to include development of a regulatory framework for this sector through advisory and training activities for the Polish Securities Commission (PSC). In another activity, the development of the National Depository of Securities (NDS) was initiated to provide mechanisms for the clearance, settlement, and deposit of securities according to international standards. Finally, a concentrated effort was developed to assist small independent brokers through a variety of training and support systems in order to create a competitive securities industry.

In the banking sector, assistance was refocused to address issues of supervision and the development of guidelines and operating procedures and providing assistance to the National Bank of Poland (NBP) in the areas of policy formulation, training and systems development. Procedures were also developed for identifying and systematically dealing with insolvent banks. Poland's success in this area has resulted in the proposal to establish a regional training center in Warsaw for bank supervision.

Most of the assistance was concentrated on helping the Ministry of Finance (MOF), the NBP, and the commercial banks to adopt new practices. The successful debt negotiations with external debtors (e.g., the London and Paris Clubs) demonstrate that a progressive restructuring of the banking system can yield effective outcomes. Technical assistance to the banking sector also resulted in the internal restructuring of two commercial banks, development of new banking investment units, improved corporate finance expertise and new credit underwriting capabilities.

*(c) Participant Training:*

A new initiative, in which a large variety of Polish institutions participated, was the Participant Training Project for Europe (PTPE). This activity was designed to provide short-term courses in the U.S. for managers, executives, and decision-makers. Training was also provided to the staff of the Ministries of Privatization (MOP), and Industry and Trade (MIT), the MOF, chambers of industry and commerce, consulting firms, regional

tax offices, banking specialists, managers of companies that were to be privatized and business people from private companies.

## ***2. Transformation of the Public Sector***

USAID assistance in this area focused on democratic governance, public administration, and specific sector reforms. The latter included expansion of housing sector assistance and a housing finance guarantee program. Environmental programs also expanded and addressed new priorities including strengthening regional cooperation, NGO support, university-based educational programs and expansion of environmental training programs. Public sector activities included:

### *(a) Democratic Governance and Public Administration:*

The local government component of the program continued to be coordinated by Rutgers University in partnership with the Foundation for the Support of Local Democracy (FSLD). It focused on further refinement of a team approach to training; provision of training needs assessments for municipalities and expansion of training modules, methodologies and delivery systems. FSLD trainers became certified to provide nationwide procurement training. During 1994, over 200 participants were trained in the application of the procurement law. The International City Management Association (ICMA) also trained 200 trainees in municipal finance, real property valuation and taxation.

### *(b) Housing Sector Reform:*

Adding to the efforts described earlier, activities were added that focused on the housing policy formation process, in particular policies needed to de-regulate the rental market and distribute subsidies in a more transparent and clearly targeted manner. Improvements in the area of housing finance system included: design and initiation of a mortgage fund to finance affordable housing and development of lending practices; the introduction of competition into housing production; and the financing of over 350 affordable housing units. USAID efforts also resulted in the enactment of a condominium law, a rental reform law and several initiatives that mobilized support for increased fiscal autonomy for local government. The latter was particularly important as it supported further decentralization of decision-making and responsibilities at the local government level.

In addition to addressing larger policy issues, the USAID Regional Housing and Urban development Office (RHUDO) continued effective support to individual cities. In Lublin, the creation of a partnership between local government officials and residents resulted in upgrading housing and urban infrastructure. In Poznan, the Communal Housing Enterprise was restructured. In Krakow, major improvements were achieved in the municipal budgeting process, city management practices and overall efficiency and morale of city employees. Finally, progress was made in the development of a real estate market through establishment of the first builders' association, creation of professional

networks (brokers, appraisers) and enactment of major pieces of legislation to reform the regulatory framework for real estate market development.

*(c) Social Welfare Reform:*

The primary goal of USAID assistance, as of 1994, was to promote changes to create sustainable private health care markets. Activities included demonstration projects for managed care in several large Polish cities (Krakow, Lodz, Gdansk); establishment of breast cancer screening sites; needs assessments and technical assistance which addressed development and improvement in cost accounting, including training for health care professionals and fund raising. One of the results of these efforts was the creation of a private capital development fund raising initiative to support the Liewska Children's Hospital in Warsaw. Health care reform efforts also included several projects that facilitated the exchange of medical knowledge and technology. MIHTC assistance resulted in improved provision of emergency services in Krakow, Bialystok and Lodz. The Albany Medical College initiated a medical record keeping system, an essential prerequisite for the establishment of quality data systems for clinical purposes.

The DOL Labor Market Transition project continued its successful efforts through 1994. Training and skills enhancement were provided in selected large cities in cooperation with Ohio State University and the Economic Foundation of Solidarity. Over 800 people participated, and the high rate of success in graduates' job placement and business start-ups attest to the effectiveness of those undertakings.

*(d) Environmental Initiatives:*

The continuing activities carried out by the U.S. Department of Energy (DOE) and EPA shifted emphasis from a single-city approach towards formulation of policies at the national level and policy implementation and enforcement. Through long-term advisors placed at the Ministry of Environment (MOE), issues such as the internal restructuring of the Ministry itself, design and development of the funding procedures for environmental investment, and waste minimization were addressed. A new dimension of USAID assistance was introduced which concentrated support on environmental NGOs, on public outreach and on collection and dissemination of information. Training programs also addressed the previously ignored issue of the academic community's involvement in the process of revamping environmental policy, management and education.

### ***3. Strengthening Democratic Institutions***

Several earlier programs that focused on citizens' participation and exchanges had been completed by 1994. Programs that had focused on human resource development had also declined. However, the support for trade unions and NGOs, in the form of technical assistance and training, increased. The single most important event was the initiation of the Democracy Network Program (DemNet). Two aspects of the democracy building process were addressed:

*(a) Strengthening the Political Process: Rule of Law, Media and Democratic Institutions:*

USAID assistance in support of restructuring pre-existing laws, and the development of a new framework that would serve the needs of the new political and economic system, continued to result in the maturing of the judicial system and the legislative environment. Assistance was provided to the Polish Constitutional Drafting Committee and the drafting of the White Collar Crime Law. Training was also provided for judges, prosecutors, lawyers, and faculty of law schools. In the media area, over 200 journalists and broadcasters received training at the Warsaw Journalism Center in 1994. A variety of activities were undertaken that supported development of democratic practices including, the Ochota project which provided trade union institutional development, the Social Initiatives Services Bureau (BORIS) program, that provided support to NGOs, and the Helsinki Foundation for Human Rights which enhanced the capabilities of the media to analyze and report on developments in human and civil rights.

*(b) Organizational Capacity-Building and Human Resource Development:*

As indicated above, the major undertaking in this area was DemNet that provided broad-based institutional development support to the NGO sector to enhance its capability to participate effectively in the local government policy formation process. This effort was designed to develop the capacity of Polish NGOs to actively participate in policy debate. It was very successful. Approximately 59 local government ordinances, four ministerial decisions, three amendments to national legislation and one article in the new constitution have all been implemented as a result of this project's efforts. DemNet provided funding and technical assistance to 65 NGOs for public policy oriented projects that cooperated with or influenced the public sector. A DemNet successor organization has been established, the Academy for the Development of Philanthropy. The Academy continues to address the issue of NGO sustainability.

**C. Current Program: 1996-1999**

A process was initiated in 1994-95 to streamline the USAID program in Poland in light of anticipated decreases in funding and the introduction of a new USAID Strategic Framework. The new strategy went into effect in 1996 and addresses the following three objectives:

- stimulation of the private sector at the firm level
- building a competitive, market oriented private financial sector
- making local governments more effective, responsive and accountable

In addition, a number of special initiatives were put into place to support the GOP's ambitious social sector reform program. These include: passage and promotion of pension reform legislation; joint Harvard/Jagiellonian University development of health management systems initiated in Krakow; a DOL-supported worker adjustment program that is assisting the GOP address the social and economic dimensions of mass layoffs as a result of government restructuring of the coal sector; administrative reform assistance to



help local governments deal with new social sector implementation responsibilities; and a new strategic communications activity to enhance the GOP's outreach efforts.

### ***1. Stimulating Private Sector Growth at The Firm Level***

USAID assistance since 1996 has contributed significantly to major changes to the regulatory and legal framework that affects SMEs. USAID-sponsored research and technical assistance to the sector has included helping business associations work with the GOP to reduce administrative barriers to doing business in Poland (drafting and passage of the new Law on Economic Activity); and to create and/or prepare existing Polish institutions to implement major reform laws (the ERA). ABA/CEELI provided institutional development support to an institute dealing with intellectual property rights. Assistance efforts also resulted in enhanced implementation by banks and the judiciary of a new collateral law. USAID assistance also resulted in the development of an association of women entrepreneurs and enhanced outreached programs of regional technology transfer and manufacturing extension centers. Approximately 30 business support organizations (BSOs) and over 115 business consultants were trained in modern consulting and training techniques providing an estimated 3,500 Polish businesses with increased opportunities to improve their skills and competitiveness.

During the 1996-1999 period, as a direct result of USAID assistance, a joint MBA program offered by the University of Minnesota and the Warsaw School of Economics was established. The program, completed by 162 students to date, is fully sustainable. The Universities of Maryland and Lodz have brought business training courses to over 3,000 people, 54 of whom obtained an MBA degree through their distant learning facilities. As mentioned earlier in this document, SEED funding has been supporting ever-increasing numbers of start-up and micro-businesses through the PAEF's micro-lending program. The program has now provided 26,000 loans whose total value exceeds \$45 million. USAID assistance to the Center for Social and Economic Research (CASE) Foundation, a preeminent Polish think-tank, resulted in significant and influential studies on future reform requirements which have facilitated GOP efforts to ready itself to meet the challenges of European Union (EU) accession.

### ***2. Environment and Energy***

USAID assistance to the new ERA, which included advice on deregulation, institutional development, information systems and tariff setting, has enable the ERA to meet its statutory obligations in deregulating the energy market. The ERA is now poised to mange the full deregulation of prices in CY 2000. Technical assistance on least-cost planning for heat and electricity utilities went hand-in-hand with demand-side management training for industrial and municipal customers. Sixty members of a regional association of heat utilities received training in the complex tariff process. USAID assistance established the manner in which the new Thermomodernization Law and all secondary legislation are structured. To support implementation of the law, training was provided to six municipalities including citywide energy efficiency audits, and demonstration low-cost investments in public housing and buildings, thus leveraging over \$200,000 in

investments from city authorities. A new (1999) \$350,000 development Credit Authority mechanism activity will provide loan guarantee coverage of up to \$10 million for 50% risk-sharing guarantees to a local bank for thermomodernization loans to private borrowers. USAID also initiated, in 1999, a \$5 million Global Climate Change grant assistance program to mitigate the effect of climate change and encourage/facilitate legislative and policy reforms that enhance the prospects for environmental protection and greater energy efficiency. This program helps to lay the groundwork for Poland's accession to the European Union (EU). EPA activities include water management training; management of mining waste, biosolids and hazardous wastes; and development of local projects in support of select local government environmental action plan investments. Three newly-established pollution prevention centers launched 24 waste minimization projects which have already lead to documented cost savings of \$700,000 in eight non-ferrous metal mills and \$1.5 million savings through utilization of fluorine waste water by a sulfur manufacturer.

### ***3. A Competitive, Market-Oriented Financial Sector***

As a direct result of USAID assistance, the pension regulator, UNFE, has emerged as a reliable and effective guarantor of the principles of security and soundness in the Polish financial market. Over \$4.5 million of SEED funds have been targeted to build the regulator's capacity and to support a public education campaign for pension reform. USAID assistance has made a major contribution to changing Poland from a cash-based society to one familiar with sophisticated electronic payment systems. These technological innovations, together with an increasing number of financial instruments available to customers, combine to facilitate the integration of Polish enterprises into the global business market. One of USAID's primary partners in financial sector reform - The Warsaw Institute of Banking - has graduated from the American assistance program and is providing effective training to bank managers in such areas as the Basle Committee's new banking operations principles, primarily the newest instruments limiting banking risks. The work of the Institute has contributed immeasurably to improve Poland's standing as a reliable and secure member of the international banking community. Other examples of USAID assistance during the final phase of the program are: the development of the central European Rating Agency, a private Polish enterprise providing investment ratings; the development of the Polish credit union movement which now provides banking and insurance services to over 250,000 lower-income people throughout the country; and, finally, assistance to Poland's housing finance sector through the NBA, MOF and PBA has helped create a well-balanced and dynamic housing finance system in which total mortgage debt is currently growing at a 90% annual rate.

To stimulate a commercial mortgage system, USAID collaborated with other donors to capitalize a Mortgage Fund. USAID's Housing Guarantee Loan (HGL) complemented resources of the IBRD, the EBRD and the GOP, for an initial total of \$400 million. Technical assistance was provided to the institution responsible for managing the Fund. By late 1996, the critical elements were in place within banks for a steady take-off of mortgage lending in Poland. The Polish Real Estate Federation (PREF) was established

in 1994 and currently has 19 regional associations with 1,500 member brokers. The Polish Federation of Valuer's Associations (PFVA) was established in 1995 and now has 29 regional associations, with well over 3,000 member appraisers. When the HGL program ended in December, 1999 the following elements were in place: a sustainable housing finance training system managed by Polish institutions; a banking sector that is well represented and well served by the PBA in housing finance issues; a housing finance system that is well-balanced and capable of development and expansion; and a public sector that is well informed on the options for support and intervention. Furthermore, pilot projects established under the HGL permitted introduction of U.S. housing development procedures, technology, and construction techniques and provided long-term mortgage loans. Planning and Development Collaborative International (PADCO), the International City Management Association (ICMA), and the Urban Institute Consortium (UIC) provided most of this assistance.

#### ***4. Democracy and Local Governance***

During the final phase of the USAID program in Poland, assistance has been provided to support decentralization and the development of more democratic and effective local governments in Poland through an integrated strategy of: a) supporting legislative and policy reforms with direct assistance in strategy analyses and policy development; b) strengthening of municipal management through technical assistance and training; and c) developing civil society organizations through grants, training and service contracts.

##### *(a) Legislative and Policy Reforms:*

Working through the Democratic Governance and Public Administration project (DGPA), USAID provided the MOF and Ministry of Education (MOE) with effective advice and policy-related studies on the development and implementation of local government finance legislation. This assistance helped build the capacity within these ministries to select the most appropriate options as they put into place the legislation and regulations to support decentralization and equitable financing for local governments. The MOF now possesses the capacity required to maintain the forward movement required to complete fiscal decentralization. USAID assistance also greatly enhanced the ability of the MOE to develop transfer formulas that will more rationally and equitably distribute resources for local government education expenditures. USAID-funded experts also worked on a number of regulations that will improve local government access to private sector capital, such as amending the Bond Law to allow revenue bonds for the first time in Poland. This will lead to lower investor risk and, therefore, lower the price of private capital for municipalities. Another project assisted the Housing and Urban Development Agency to draft legislation to standardize and rationalize utility pricing with the aim of attracting private investments in municipal enterprises.

##### *(b) Strengthening Municipal Management:*

In direct support of the GOP's wide-reaching public administration reform initiative, USAID put into place a Local Government Partnership Program (LGPP). The objective

of the project is to enhance the management capability of a large number of local governments and the technical capacity of numerous support organizations. These support organizations provide local governments with the skills and resources they need to make them more effective and responsive. One of the aims of the project is to enlarge the market for the delivery of quality technical assistance to local governments so that, when USAID assistance ends in March 2001, a self-sustaining Polish capacity to deliver quality and affordable technical assistance will be in place. During 1999, the project provided more than 50 local governments with assistance in developing their capacity to implement strategic management plans, introduce task-based budgeting systems, develop capital investment plans, restructure municipal enterprises, undertake effective project preparation for investment, and incorporate more effectively public participation in local government activities. This assistance - which will be expanded to an additional 120 local governments during the year 2000 - has been, and will continue to be, delivered by more than 30 Polish private sector firms and NGOs. During the period 2000 -20001, assistance will continue to be provided to these organizations to expand their capacities further. These organizations include consulting firms, schools of public administration and associations and foundations working on local government management. LGPP has also been responsible for introducing a training certification process for local government.

*(c) Civic Society Organizations:*

Since 1996, the DGPA program has assisted Poland's four Municipal Associations (MA) develop their capacity to represent the interests of local governments in the development of local government laws and regulations. As a result, they played a key role in the development of the Public Administration Reform and the laws on local government finance. Furthermore, as indicated above, the LGPP has assisted a variety of local government support organizations. Also during this period, the National democratic Institute (NDI) carried out a political party building program to support Poland's multiparty system by strengthening the communication skills and organizational capabilities of political parties at the local level. The aim of this activity was to strengthen the organizational structures and public outreach capability of Poland's major political parties, to create more organized, broad-based and transparent party operations and to give the public a better understanding of each party's platform. NDI created a "legacy" organization, the European Institute for Democracy (EID), to carry on political party institutional development and democratization work.

***5. Special Initiatives: Social Sector Restructuring/Quality of Life***

In 1999, USAID initiated the Social Sector Reform/Strategic Communications activity to facilitate GOP efforts to implement its ambitious program of reforms in the social sector, consistent with the principles of decentralized decision-making and market economics. Since July 1999, a team of SEED-funded advisors has been working with the Prime Minister's Chancellery, and selected line ministries, to assist with the development of a more effective communication strategy with the public and within the Polish government. Although the activity is only a months old, it is already having an impact on the way information is presented to the public, soliciting feedback from interest groups and in

coordinating communications within the Polish government itself. At the suggestion of the advisory team, the Prime Minister recently held a series of twenty town meetings where he discussed the status of the reforms with the public. The success and receptivity of this new approach in Poland was demonstrated in one of the towns where the unexpected turnout of over 800 people required that an external projection screen be set up for viewers outside the Town Hall to observe the proceedings.

In support of pension reform (discussed earlier), the American Center for International Labor Solidarity (ACILS), provided training to 55,000 Polish workers in a number of large, medium and small enterprises in Poland on the newly implemented pension and social security insurance system. As a result, the workers who participated in the program are now able to make educated choices regarding the best possible option for their future retirement plans.

To address the negative impact of worker dislocation, as a result of GOP restructuring of the coal sector, DOL is providing assistance in the development of a comprehensive strategy to help workers, enterprises and communities to adapt successfully to the changes. The project has trained over 600 people in rapid response techniques including more than 50 people who are functioning as Industrial Adjustment Specialists have. To date 17 Polish communities have initiated rapid response programs providing services to workers at 30 enterprises. Approximately 957 individuals in Silesia, an area hard hit by restructuring, have found jobs with the assistance of Labor Management Adjustment Teams initiated under the project.

After the enactment of the Health Reform Law in January 1999, the Harvard School of Health/Jagiellonian Health management project adjusted its activities and arranged for a study tour to the United States for the managers of the health insurance funds that manage the financing for the public health system in Poland. As a result of the training, strategic plans were prepared and the project expanded its efforts to strengthen the management of health units in 16 newly created HMO-like health insurance funds. Over its history, the project has introduced many health innovations that are being utilized extensively by local governments and recently established insurance funds throughout Poland.

In 1998, USAID launched a project to train Polish experts in disaster preparedness and the coordination and delivery of efficient and effective emergency assistance. During the project, which ended in 1999, forty high-level Polish officials from central and local government, NGOs, and flood experts were trained in the U.S. The training resulted in the development of closer collaboration among those officials in the enhancement of Poland's emergency preparedness, primarily through the development of a Civil Preparedness Law and other supporting legislation.

Finally, DOJ continued its efforts during this period providing the GOP with assistance to create a climate conducive to introducing changes in Poland's Criminal Code and Code of Criminal Procedure which went into effect in September 1998. In addition, DOJ

efforts in preparing and promoting a new Prosecutor's law has generated a widespread debate on the role of the prosecutor in Poland's criminal justice system.

#### ***6. Continuing Implementation of SEED Objectives: The post-USAID Period***

U.S. developmental ties with Poland will continue during the post-USAID period, not only through discrete Washington-managed USAID regional activities that may include Poland, but more important, through legacy organizations such as the Polish-American Freedom Foundation (PAFF), the Poland-America-Ukraine Cooperation Initiative (PAUCI), and the Polish Know-How Foundation (PKHF). The PAFF will use interest income from its endowment (based on a significant portion of the reflows stemming from the liquidation of the successful PAEF, described earlier) to finance grants to institutions and individuals in support of Poland's continuing transition process, and in accordance with the precepts set out in the SEED Act. PAUCI and the PKHF are mechanisms that have been created to utilize the expertise of Polish advisors to transfer development skills and Polish experiences to other transition countries in the region. In brief, Poland has become a role model and is embarking on its own foreign assistance program with support it has received from USAID.

## **Attachment A**

### **Ten Year Retrospective on USAID Assistance to the Private Sector Development at the Firm Level**

#### **Entrepreneurship**

When the Mazowiecki government took office in September 1989, it inherited a disastrous economic situation. Inflation was reaching triple digits, the budget deficit was about 8% of GDP, and debt service was five times export earnings. Subsidy of the economy, and particularly of state enterprises, which made up 70% of the industrial sector and controlled virtually all exports, was so high and disproportionate to budget revenue that the budget deficit reached 29% of expenditures in the first half of 1989. Per capita income had declined by about 20% over the previous 10 years. The economy was essentially bankrupt.

The first actions taken by the new government were to regain control over the budget and introduce bankruptcy procedures to let the worst state enterprises fail. This was accompanied by a package of fiscal and monetary restraints, and liberalization of trade. Market mechanisms were expected to select the most efficient enterprises. It was recognized that this process would result in unemployment, but that it was expected to generate a drive toward efficiency through competition.

A major focus of U.S. Government assistance to Central Europe in general, and Poland particular, was placed on the growth of the private sector in the economy. This involved both assistance to the privatization of state enterprises, as well as various activities aimed to enhance the regulatory and institutional environment in which business operates. As regards privatization of state enterprises, the assistance took various forms:

- direct strategic investment in a dozen state enterprises and investment in 15 companies listed on the Warsaw Stock Exchange by the Polish-American Enterprise Fund;
- technical assistance to the Ministry of Privatization both to prepare the privatization of specific companies (such as the state airline LOT), or entire sectors of the economy (such as the glass and furniture sectors);
- training for the Ministry of Privatization in order to allow it to manage some of the complex privatization processes in a more efficient manner, including the divestment of ancillary assets, implementation of the Mass Privatization Program, and a fast-track sales technique for smaller enterprises;
- training under the Regional Privatization Initiative to management, workers, and union leaders in basic business skills, to ensure their understanding of the processes taking place in their enterprises, and to allow them to take a meaningful part in a transformation process in which they played a key role; and

- assistance to voivods (provincial governors) in locating potential investors and preparing their enterprises in more remote and economically less vibrant parts of Poland for privatization.

The process of privatizing the economy, however, is not simply taking public companies into the private sector. It also includes the growth of new businesses, whether as a result of foreign investment (though initially modest, it is now estimated to have come to over \$30 billion since 1989) and of new businesses being established by Polish entrepreneurs. There are now over 2 million such businesses operating in Poland, an impressive number considering where Poland was at the start of the transition process. To facilitate these developments, USAID assistance included:

- providing experts to firms and agribusiness through volunteers that brought their business experience and insight to individual entrepreneurs in Poland;
- designing and implementing networks of business information centers, to allow business to have local access to a computerized network of information on business, trade, and training opportunities, as well as legal and regulatory information;
- supporting a number of embryonic business associations to allow Polish entrepreneurs to improve their lobbying power and access to business information and contacts. The very independent entrepreneurial culture of Poles has made it very difficult to sustain such organizations, and many of them have failed;
- training consultants and business support organizations to provide quality services to entrepreneurs, something the latter desperately require as approaching EU membership puts Poland's small businesses at risk from increased competition. (A more specialized activity to support manufacturing extension centers, with the help of industry experts is trying to improve the services available to help innovative business ideas become viable.)

A concerted effort was also undertaken by USAID to improve both an understanding among government and parliament of the needs of small business and of the legal framework that regulates it. That assistance has included:

- drafting of anti-trust and investment legislation at the beginning of the assistance process, when the principles governing the new economic system were being set down;
- drafting amendments to public procurement legislation that made access to public procurement by small companies easier;
- molding government policies to support the small business sector, with funding to promote competitiveness, innovation, and exports gradually becoming available from the State ;
- drafting and guiding a new law laying the framework for economic activity in Poland through the legislative process in 1999; and
- providing a public forum for discussion on lobbying, training over 400 Polish associations in how to lobby, and working to provide for a more open and transparent legislative process.



The risk-taking and entrepreneurship of a considerable section of Poland's population have allowed the country to achieve strong economic growth for the eighth year in a row after over a decade of economic stagnation and decline. Although Polish business continues to face two impediments to its continued growth – excessive bureaucratic and fiscal constraints from government, and a lack of knowledge among entrepreneurs regarding the competitive shock they are likely to face with EU membership – it will continue to be the engine that will allow Poland to make up for decades of economic mismanagement, and to attempt to absorb some of the increasing numbers of unemployed and school leavers.

### **Agribusiness**

Until 1990, the agricultural sector in Poland was closed and inward-looking. Agricultural policy was based on notions of income parity with the urban population and on food self-sufficiency. To achieve those objectives, prices were manipulated, subsidies were provided, production targets were established, and imports and exports were controlled with little consideration given to economic costs. Nevertheless, farmers and part-time farmers had fared relatively better in the ten years preceding transition, when compared to the rest of the population, as their real incomes had declined by only 3% and 1% respectively.

Private farmers and state collective farms were both dependent on state agencies and state-controlled cooperative sectors for purchases and sales. In the state and cooperative sectors, capital was immobilized, since investment was always a government decision and bankruptcy of public firms was not allowed. Since prices were not allowed to reflect scarcity, central allocation had to be used, resulting in large distortions and waste. Similarly, labor was immobilized because housing and other social benefits were linked to employment, itself considered a basic right.

Unlike many countries of Western Europe, the Polish rural sector is of major importance to the social and economic equilibrium of the country. The rural population had remained stable (approximately 15 million) between 1950 and 1990, about 40% of the population. The Polish rural sector represented a unique combination of the private economy, dominant at the farm level (75% of the area, employing 85% of the active agricultural population), and cooperatives and state enterprises, dominant in activities other than agriculture (92% of the active nonagricultural population). This combination of decentralized and centralized economies was a result of the failure to introduce agricultural collectivization in Poland and of the subsequent policy of indirect collectivization.

USAID assistance to the agricultural sector concentrated on the provision of economic and technical information to farmers and agribusinesses (farm viability), upgrading the capacity of extension services, rehabilitating the rural credit delivery structure, upgrading dairy cooperatives and dairy producers, and privatization of state-owned agribusinesses. Around 1995, the program ceased to provide assistance at the farm level, and worked with agricultural institutions (associations or foundations). USAID also became involved

in an attempt to design and implement legislation for the system of licensed warehouses and warehouse receipts to help regulate the commodities market.

### **Management Education**

Although Poland enjoys impressive levels of education and maintains literacy levels similar to those of developed countries, Communist ideology prevented some topics critical to the running of businesses – such as modern management and marketing theories – from being widely taught before 1989.

Conscious of a need to train both existing factory managers, over two million embryonic entrepreneurs, and successive new generations of students, training and education programs in business management were greatly needed. The support provided to management education in Poland was aimed not only at making management education more accessible to the population at large, but at ensuring modern courses and degrees of high quality.

Some of the assistance provided was limited to one topic, such as the training provided by the American University at the Academy for Entrepreneurship and Management in Warsaw on improving skills to build trade links between Poland and the U.S. Others took on a wider scope of training in various select management topics – Central Connecticut State University working with the Universities in Wroclaw and Gdansk, the University of Illinois helping the development of an MBA program at Warsaw University, or the creation of business training centers by the University of Ohio in Rzeszów and Białystok.

The Polish-American Enterprise Fund made a considerable contribution to the development of management and business education in Poland by publishing 82 books on various aspects of economics, and providing over 15,000 scholarships to young Poles attending the country's leading public and private business, management, and banking schools.

USAID supported the development of close partnerships between several higher education institutions: the University of Maryland and University of Łódź, and the University of Minnesota's cooperation with both the Warsaw School of Economics and the agricultural college in Olsztyn. As a result, Łódź is offering a full MBA program using top-of-the-line distance learning technology to bridge the Atlantic while enabling U.S. professors to teach classes in Poland without the need to travel; and the University of Minnesota is providing a full MBA at the Warsaw School of Economics. The assistance and training provided to students and faculty made a significant contribution to the advancement of the Olsztyn agricultural college to full university status in 1999. In all these cases, courses provided high quality management education to thousands of fee-paying Polish students, which will continue beyond USAID assistance as result of academic partnerships that have been developed.

In addition to the thousands of students that have access to these modern management training facilities in Poland, 2020 have benefited from the scholarships provided under the Georgetown University program and other participant training opportunities. These training opportunities in the U.S. – whether for a week or a year, spurred individuals into action and allowed them to have a clearer vision of what they wanted to change in their own country.

## **Energy**

The Polish energy sector in 1989 was a state-owned, vertically integrated system that failed to satisfy demand, and suffered frequent short-falls in the amount of power and heat provided to customers. Because of subsidies and a lack of data, there was no way to calculate the true cost of energy, and there was no incentive to conserve energy.

Over the ten years that USAID provided technical assistance to the energy sector in Poland, the focus has been on two main goals:

- to improve the long-term provision of energy services while imposing market economy principles, by preparing the privatization of the sector, and introducing a legal and regulatory framework to support such a system; and
- to promote the efficient use of energy, through demonstration projects and the introduction of inducements that support energy conservation initiatives on both the supply and demand sides.

USAID made fundamental contributions to the restructuring of the sector by:

- participating in the drafting and supporting the passage of an Energy Law and its enabling regulations, thus liberalizing the sector and providing for a regulatory framework to calculate prices and approve tariffs and costs;
- training and advising the staff of the new Energy Regulatory Authority so that it can function in an efficient and transparent manner issuing and approving licenses and tariffs for both heat and electricity prices;
- training power and heat companies to understand the new market-based system, and providing them with models to calculate costs and tariff structures;
- providing critical initial advice to the drafting of laws and regulations that encourage the modernization of Poland's housing stock, limit energy use, reduce the cost of energy to individual customers over the long term, and reduce the environmental impact of wasteful energy use;
- working with the energy sector on a regional basis to ensure cooperation between regional power companies (through CENTREL), thus assisting in the achievement of interconnectivity with the Western European energy grid.

USAID has also provided training to a number of power plants, making their operations more efficient. Overall, the assistance has helped to lay the groundwork for the privatization of the Polish energy sector, whose completion is now scheduled for the end of 2002. Benefiting companies that have been selected for privatization by 2001, and

which have received pre-privatization assessments, include those in Gliwice, Rybnik, and Torun.

## **Environment**

The poor environmental protection record of the Communist states, with its concomitant effects on health, was shared by Poland. Although the “Solidarity” movement ensured that strong, unambiguous environmental legislation was introduced as early as 1980, there was neither the political will nor the funding available to implement that law.

Since 1989, both economic restructuring processes and environmental investments have brought about remarkable improvements in environmental protection standards in Poland, even though the accumulated damage and delays over the years will take decades to put right.

Significantly, Poland has also managed to put in place funds that finance environmental investments. These include the National Environmental Fund and voivodship (provincial) funds that are the recipients of environmental fines and fees levied against polluters. There is also the EcoFund, established in 1992, under an agreement between the U.S. and Poland that 10% of Poland’s total debt to the U.S. Treasury would be provided to an institution to fund environmental projects in Poland. Similar arrangements are in place with other contributing countries (France, Italy, Sweden, and Switzerland). To date, a total of \$100 million has been made available to the EcoFund, and the total U.S. contribution is expected to reach about \$370 million by 2010. Expenditure for environmental programs in Poland at present makes up 1.9% of GDP, and has increased 25-fold over the spending levels seven years ago, reaching \$2.5 billion in 1999.

Since 1989, USAID has provided over \$74 million to fund environmental technical assistance projects in Poland. Of this amount, an estimated \$30 million has gone on efforts to reduce emissions, \$27 million on environmental projects at the municipal level, and approximately \$16 million on energy efficiency activities.

Although initially concentrated in Krakow, USAID support to the Polish environmental sector expanded geographically and focused on the following:

- improving the capacity of local governments and communities to manage and resolve environmental problems;
- laying the groundwork for Poland’s accession to the EU by strengthening Poland’s capacity to absorb successfully pre-accession and structural funds. It is expected that EU support to environmental projects in Poland will reach \$170 million per annum until 2006; and
- funding environmental improvements, particularly in the Krakow area, especially reducing low emissions pollution by 90% and establishing a system to monitor mobile source pollution.

Funding for technical assistance through USAID has been used primarily for:

- preparation of infrastructure projects for financing the propagation of waste minimization technologies in Polish industry, and development of domestic supply and demand for environmental consulting services; and
- training programs and publications for municipal and industry decision-makers have included dissemination of environmental best practices; financing; constructing or modernizing waste water treatment plants; financing, siting, and planning for sanitary landfill projects; and environmental health curriculum at the Institute of Public Health at the University of Krakow; and
- energy audits of municipal buildings, and training of small businesses in simple technologies of thermomodernization.

An attempt to install a flue-gas desulphurization facility at the Skawina power plant – part of the environmental improvement program for Krakow – failed, at considerable expense to the U.S. and Poland. U.S. funds remaining from this unsuccessful project has been made available to the Government of Poland and are being used for climate-change related investments.

The focus of the assistance shifted in 1996 to focus more on expanding Poland's participation in the Framework Convention on Climate Change and intensifying activities leading to the reduction of emissions from the energy sector, industry, and urban areas. This has been carried out through support for policy and institutional reforms mitigating climate change, enhancing the prospects for environmental protection and greater energy efficiency, and importation of energy efficiency or environmental protection and mitigation commodities from the United States. The USAID program in Poland is further working to ensure reduction of greenhouse gasses (over \$13 million is being provided for this purpose).

## **Attachment B**

### **Ten Year Retrospective on USAID Assistance to the Financial Sector**

The changes to the financial sector in Poland since 1989 have been profound. A number of institutions emerged over the course of the decade that are key to the functioning of a market economy. Some institutions, such as banks, changed their character and methods of operation from those associated with a command economy, to those required by a globalized financial sector. From being widely regarded as an economic basket-case, Poland is currently respected by governments and private financial institutions for having a viable, growing financial sector that is comparatively safe and transparent. There is also recognition for that these institutions are staffed by individuals that have mastered the operation of financial institutions in a market economy.

The principal changes that have occurred over the past ten years can be grouped in two general areas: 1) building the infrastructure for Poland's financial sector; and 2) increasing the number of standard financial products and services available to private and corporate customers.

#### **Building the infrastructure for Poland's financial sector**

Poland's transformation in banking and finance required that certain concepts be instilled, and certain institutions created or reformed to serve these principles. USAID played a significant role in the following changes:

- a) putting banks on a business track – prior to market reforms, banks were principally a channel for funding state enterprises, without regard either to the efficiency and profitability of the banks themselves, nor the interests of (individual) depositors. The U.S. led a group of countries and provided \$200 million to the Bank Stabilization Fund, where funds were provided to the government to restructure the bad debts of state banks with the condition that they be privatized. This privatization, mainly by foreign banks, has led to continuous rapid improvements in the quality of management and services in the banking sector;
- b) replacing the missing blocks – a multitude of financial sector institutions were created over the past decade, and they have rapidly become established elements of the sector: a stock exchange, a securities commission, a national depository of securities, a national clearing house, an over-the-counter market, a local commodity exchange, and a rating agency. USAID's capital market projects contributed in a significantly to the majority of these institutions through assistance in their design, drafting and implementation of regulations, and training of their management and staff
- c) building trust through regulation – transition inevitably gives rise to turbulent changes in regulations, practices, and attempts to make use of the resulting confusion by dishonest individuals. Poland has managed to provide for a stable and transparent banking sector through a respected banking supervision inspectorate, as well as a

transparent capital market as a result of a strong Securities and Exchange Commission. USAID, for seven years, provided technical assistance to strengthen the capacity of Poland's banking supervision inspectorate, drawing on the experience of U.S. regulators (FDIC, Federal Reserve, OCC) in on-site and off-site supervision, troubled bank rehabilitation, and strategic decisions such as organizational and professional independence of banking supervision. Poland's banking supervision is considered a leader in Central and Eastern Europe, with delegations from both neighboring and other countries (e.g. South Korea) coming to Poland for advice;

- d) training and advising decision makers – the rapid and deep-reaching changes to the sector required training, as well as access to expertise from practitioners in countries with more developed banking and financial sectors. USAID funded the establishment of the Warsaw Institute of Banking (WIB), pioneering work that tapped U.S. best practices to establish a local training capacity. USAID further funded and organized the travel of volunteers that provided invaluable help: the beneficiaries of the FSVC volunteers included the Securities and Exchange Commission, the National Depository, the superintendent authorities for the pension system, banking, and insurance, the OTC market, and numerous professional associations in the financial and social sectors;
- e) assisting a mature market – the advancement and maturity of Poland's financial market allowed it to absorb the introduction of deep-reaching, long-term reform to the country's pension system. Pension funds have recently become a feature of the Polish financial sector, and it is expected that within two years they will become financial institutions and the largest investors in the Polish capital market. The savings mobilized by the new institutions will effect quicker development of the entire sector, with significant impact on the economy as a whole. USAID's role was critical to the design and development of the new system, the drafting and passage of required legislation, and training provided to the new pension system superintendent.

### **Increasing the number of financial products and services**

The successful merging of the financial sector into the global economy, and ensuring the system's transparency would have little meaning if the number of financial products and services, as well as their availability to business and individuals, were not also improved. The expansion of these products and services has been particularly strong over the past five years, following very conservative behavior by banks after a bad debt crunch in the early 1990's. The rapid increase in the number of services and customers led to a process of self-regulation, whereby financial institutions, in order to ensure the soundness of the system and safeguard their own interests, began to create institutions such as credit information bureaus.

The Polish-American Enterprise Fund was instrumental in the introduction of new financial institutions – the First Polish-American Bank with its windows loan program for small business that provided over 7,000 businesses with \$272 million; the First Polish-American Mortgage Bank lending \$45 million to support about 4,500 housing

units; and the very successful Fundusz Mikro microlending program, providing over 31,000 loans for over \$50 million.

USAID implemented a series of disparate activities whose principal objectives were, however, consistent in improving access of small business to financing, as follows:

- a) following the credit crunch of 1990-1994, USAID provided loan guarantees to cover small business loans of an aggregate value of about \$10 million to two commercial and two community banks. The guarantee facility is the best performer in all the countries in the region where it is offered;
- b) USAID training provided to assist the expansion of the credit union movement that started in Poland in the early 1990s. The Unions now have over 305,000 members in 171 credit unions with combined assets valued at approximately \$50 million. This helped to bridge the gap between the availability of financial services to affluent white-collar workers and entrepreneurs, and lower income individuals. Credit unions are expected to be able to expand their services into financing businesses, which will add another incentive for the development of micro- and small firms;
- c) USAID also provided training to local community or cooperative banks. The banks, previously serving farmers, now successfully compete with commercial banks in the provision of banking services to individuals and business. USAID also helped initiate a process by which the numerous community banks began to merge into two strong groups;
- d) technical assistance was provided to the National Association of Loan Guarantee Funds, as well as a number of regional development agencies, in support of local initiatives;
- e) business intermediary organizations (e.g. consulting firms) were brought together with bankers to promote a standard understanding of the requirements of banks, and demands of small business customers for finance;
- f) legal and technical assistance was provided on the drafting of the Collateral Law, as well as training for bankers and judges on its implementation; and
- g) studies and position papers were developed to promote the need to improve access to credit for small business for use by business organizations, parliamentary committees, and government departments.



## **Attachment C**

### **Ten Year Retrospective on USAID Assistance to Local Government**

When Poland's transition began in 1989, local governments did not exist. They were created by the Local Government Law of 1990. From the beginning of its involvement in Poland, USAID has supported the development of local government and the organizations that support local government development. This support has focussed on four main areas: 1) assistance to local governments and building institutional capacity; 2) municipal debt market development; 3) support for non-government organizations and public participation in local government; and, 4) assistance to the housing sector.

#### **Providing Assistance to Local Governments and Building Institutional Capacity**

In the early 1990s, USAID assistance for local government development was directed mostly to individual cities or organizations. This assistance led to a number of successful activities including, implementation of the Lublin community development project, which won an UN Habitat award, and help with the creation of the Foundation in Support of Local Democracy, which has become a leading local government training and advocacy organization in Poland. From 1991-95, USAID also contributed to the successful development of rural telephone systems. Working with a USAID grant, the U.S.-based National Telephone Cooperative Association helped several, poor rural communities from cooperatives to improve telephone service. The improved phone service gave these communities access to modern communications, greatly facilitating information flow and enhancing their competitiveness.

Beginning in 1993, USAID began to develop activities that would in a more comprehensive manner enhance the ability of local governments to manage their resources and build the capacity of local organizations to deliver quality assistance to local governments. In 1996, these activities were consolidated. The work to improve local government management focused mainly on financial management and infrastructure finance, working on both formulating better national policies and building local-level capacity.

#### **Financial Management Tools**

Over the course of the next seven years, USAID developed a number of financial management tools such as: task based budgeting, capital improvement planning, creditworthiness analysis, and enterprise accounting, that have been implemented in more than 100 local governments across Poland. Use of these tools has enabled local governments to more effectively allocate resources for health, education, water and sewerage provision, and transport.

### **Sustainable Assistance**

To help foster sustainable delivery of assistance, USAID helped build the capacity of more than forty Polish local government support organizations (LGSOs). Beginning in 1995, support for LGSOs became a major focus of the USAID local government program. A major goal of USAID's last activity in this area, the Local Government Partnership Program (LGPP) is to develop a market for the delivery of such assistance by LGSOs. To do this, the LGPP supports the delivery of assistance through LGSOs on a large scale and disseminates the advantages of using such assistance to local governments in an effort to increase demand for them. LGPP builds the capacity of LGSOs to deliver this assistance in an effort to increase supply. The results of an LGPP cost-share program suggest that such a market is developing.

### **Municipal Debt Market Development**

Also in 1993, USAID began working with the World Bank, the British Know How Fund, and the European Union on the development of a national system of infrastructure finance. As a result of this assistance, there has been substantial development of the legal, regulatory, and institutional framework for sub-sovereign debt, as well as the competencies of the appropriate capital demand and supply side participants. USAID furnished assistance that contributed to reform of the Bond Law, development of disclosure guidelines for bond issuance, and other policy changes needed to support the development of a municipal credit market. In 1996, Polish local governments started to borrow funds and issue bonds to finance various investments.

Using USAID technical assistance, the city of Ostrow Wielkopolski issued the first publicly traded municipal bond in Poland, and the city has gone on to complete two more successful public issuances without assistance. The assistance provided to other Polish cities in budgeting and accounting, capital investment planning, and creditworthiness analysis have contributed to an increasing number of bond issues. The municipal bond market (public and private placements) has grown from zero in 1995 to over PLN 250 million (\$63 million) in 1999. Long term municipal borrowing from commercial banks has similarly grown from zero in 1994 to over PLN 600 million (\$150 million).

### **Supporting Financial and Administrative Decentralization**

USAID assisted the Government of Poland in implementing the Financial and Administrative Decentralization Reform in the late 1990s, through its Democratic Governance and Public Administration (DGPA) program. The DGPA assisted the Government of Poland (principally the Ministry of Finance [MOF] as well as others) in developing legislation and policy, which has provided the framework for the decentralization of public administration and public finance. Four national municipal associations were also assisted in strengthening their ability to play an effective role in the development of law and policy for local governments.

The objectives of the DGPA were to:

- strengthen the analytical and intergovernmental transfer system administration capacity of the Local Government Finance Department of the MOF;
- assist the MOF in developing financial decentralization reform, along with providing support to administrative decentralization and creating two new levels of local government; and
- strengthen the voice of local government leaders in designing this and other legislation affecting functioning of local governments.

These objectives were achieved, as described below:

### **Information Systems**

The Local Government Finance Department of the MOF is now fully computerized. Trained staff operate an effective system of quarterly financial reporting, which additionally monitors the levels of sub-national debt of local governments consistent with World Bank and European Union standards. As a result of this effort, the MOF will have reliable information on the current financial situation of local governments and will be able to make more rational decisions on allocating government grants and subventions. The resulting data will be publicly accessible, which will increase transparency and lower the risk for private investors providing capital to local governments. The way data is collected and classified will eventually help local governments to better manage their resources.

### **Administrative Reform**

In 1999, the GOP implemented major administrative reforms, creating two new levels of local government -- powiat (counties) and voivodships (regions). The pilot powiats structure was developed with USAID/DGPA assistance in 1996-97 and tested in early 1998, paving the way to the national reform. Countrywide training for new powiat officials was organized and financed by DGPA in December 1998, before powiats began operating in January 1999.

### **Intergovernmental Transfers**

DGPA assistance helped the MOF and the working group of the Joint Commission of Central and Local Government to develop legislation on financing local governments. In mid-1998, the Parliament passed an intermediate, two-year law on local government finance. A more definitive law on local government finance will be passed in 2000. Through direct technical assistance and a series of study tours to the United States and European Union countries, Polish legislators were exposed to different options of increasing local government revenues. If passed as drafted by the MOF, the law will increase and stabilize sources of local government revenue. DGPA also helped the Ministry of Education develop improved formulas for the allocation of educational subsidies to local governments (which amounts to 13% of the GOP budget). Use of these

formulas has led to a more rational allocation of education funds, forcing local governments to maximize efficiency of their use.

### **Advocacy**

The four national municipal associations, which represent Polish villages, towns, and cities, as well as members of the Local Government side of the Joint Commission of Central and Local Government were considerably strengthened. From 1996-99, these organizations, using their own resources and benefiting from DGPA technical assistance and grants, established a Joint Secretariat in Warsaw, which coordinated local government lobbying activities with the GOP and Parliament. During 1997-98, these municipal associations played a crucial role in shaping public administration and financial decentralization legislation that supported the administrative reforms. Communication between the membership and leaders of the municipal associations was substantially enhanced, in large part through use of the internet.

### **Benchmarking**

DGPA assistance allowed the associations to strengthen their analytical capacities, leading to the development of the “System of Self-Government Analysis”, a software tool for collecting and analyzing data on costs and effectiveness of providing municipal services in their member cities. This system provided the first step toward a benchmarking system for city managers. As a result of these activities, membership of three of four municipal associations increased between 20% to 50% (data for 1998) and their budgets (membership dues only, excluding USAID support) between 120% to 700%. Drawing on their own determination, and making use of USAID assistance, the four associations carefully coordinate their lobbying activities. They have been joined recently by the new Association of Polish Powiats. This Association also received USAID assistance. It now serves 85% of all 360 powiats.

### **Professional Education**

To improve the level of public administration education to help better educate civil servants, the DGPA program assisted four schools of public administration in curriculum development, drawing on U.S. models of public administration curricula. As a result of this assistance, these schools created an Association of Polish Schools of Public Administration in 1999. To date, most schools of public administration have joined this Association for the purpose of sharing experience and setting educational standards.

### **Support for Non-Governmental Organizations (NGOs) and Public Participation in Local Government**

Using grants, technical assistance, and training, USAID (together with other donors, especially the European Union) contributed significantly to a renaissance of NGOs in Poland. Approximately 30,000 non-governmental organizations are estimated to be active in Poland today in a variety of areas such as education, health-care, culture, human

rights, local development, social assistance, and environmental protection. Most of these organizations have been established over the last ten years.

USAID's strategy for supporting development of the NGO sector evolved over the years. Initially, USAID support was provided to a broad-range of organizations that were essential for democratic transformation. In the mid-1990s, USAID's approach changed to focus on a select group of organizations, such as public policy-oriented NGOs and NGOs that provide services or can be partners to local government.

### **Capacity Building**

Through USAID assistance, NGOs strengthened their abilities to raise funds and manage projects. This assistance also strengthened the network of NGO-support organizations that now exist in most major cities. These organizations provide training and technical assistance to other NGOs. USAID assistance was also instrumental in building NGO advocacy capacity and their ability to participate in policy debates. In each area of NGO activity, including social assistance, education, local economic development, and environmental protection, NGOs are actively engaged in coalition building and advocacy on behalf of their constituencies. An estimated 200 NGOs benefited from USAID assistance, and most of these NGOs are now among the most active and visible organizations in Poland.

### **Service Delivery**

Most recently, USAID assistance has focused on promoting cooperation between NGOs and local governments and strengthening NGOs that provide local governments with information, technical assistance, and training services. To date, over 50 such organizations are available to provide local governments with assistance on how to implement new financial management tools, to develop economic development strategies, or to help increase public participation.

### **Sector Sustainability**

Efforts to develop local sources of funding for NGOs continue without USAID's support. A local community foundation program that was initiated with USAID funding two years ago has already generated several endowment funds for local foundations. These foundations have started making grants for scholarships and other programs.

## **Attachment D**

### **Ten Year Retrospective on USAID Assistance to the Housing Sector**

Over the last 10 years, the Polish housing sector has evolved from a centrally planned system, which was heavily subsidized and inefficient, to a market-based system, which is more efficient and linked to real demand in the growing Polish economy. The process of restructuring the housing sector was difficult and took a long time. In the first half of the 1990s, annual housing production dropped by half -- from over 134,000 units in 1990 to less than 62,000 in 1996. Since 1996, housing has grown steadily at the rate of over 10% annually to over 80,000 units in 1998. Since the official statistics on housing completions suffer from underreporting, a growth rate of 15–20% in housing production seems more accurate.

In large part, the recovery in housing production was possible due to Poland's successes in macro-economic reform, marked by a more than 4% average annual growth of real wages, and significant decrease in inflation from over 40% in 1992 to below 10% in 1998. Nonetheless, housing completion growth would not have occurred at the current scale, if restructuring of the legal and financial frameworks had not been done. In addition, these reforms were accompanied by the difficult process of mental re-orientation of Poles, who had to stop thinking about housing as a social good, which the government owes to every household by definition, and to assume for themselves the primary responsibility for providing shelter.

USAID played a major role in the reform of the housing and housing finance sectors in Poland. USAID started its housing reform support program in 1991. This program had three main goals:

- the development of a non-subsidized, sustainable housing finance system;
- direct assistance to the private participants in the real estate market (investors, developers, builders, brokers, appraisers and property managers) to increase competition and the quality and quantity of housing delivery services; and
- assistance to the public sector to help central and local governments better regulate and allocate limited public resources to support and complement a supply of private housing.

### **Market System**

In the 1990s, USAID, working hand in hand with the GOP's Ministries of Finance and Construction, the Polish Banks Association, and the General Inspectorate of Banking Supervision, played a primary role in helping create a number of key components for a market driven housing sector. These components, include:

- the Mortgage Fund, an apex mortgage refinancing entity which leveraged commercial banks' interest in mortgage lending and provided them both the long-term capital and the know how necessary to initiate mortgage lending;

- a comprehensive mortgage lending training curriculum used by three bank training institutes;
- the Housing Finance Committee of the Polish Banks Association, which ensures exchange of experience among particular banks and represents mortgage lenders' interests in front of government, parliament, and other partners; and
- a dialog between the mortgage industry and the General Inspectorate of Banking Supervision on the regulatory framework for mortgage lending in Poland.

USAID was a major donor organization supporting the development of market driven housing finance in Poland. Over the last five years, the volume of non-subsidized mortgage loans extended by Polish banks has grown from several hundred in 1995 to more than 100,000 in 1999. Currently, over thirty Polish banks offer various mortgage products for their customers.

### **Professional Associations**

USAID also successfully supported other participants in the private real estate sector. Working in cooperation with eminent U.S. organizations such as the Eastern European Real Property Foundation (National Association of Realtors) and the National Association of Homebuilders, USAID had major input in the establishment and strengthening of Polish sustainable professional organizations -- real estate brokers (1500 members), appraisers (3000 members), builders and developers (over 1500 members). In each case, the Polish partners not only were assisted in organizing issues but also supported through the introduction of professional standards and comprehensive training programs. Polish federations of real estate brokers and valuers were among the leaders in the establishment of the intra-regional professional networks, which allow for exchange of experience between real estate specialists from various central European and NIS countries.

### **Research and Policy Development**

To assist the public sector in better management of public housing policy, USAID, accompanied by a growing number of local research and consulting organizations, provided advice to the GOP in drafting a new housing strategy, which was adopted by the government in 1999. The new strategy attempts to increase the effectiveness of government interventions in the housing market. It also provides an alternative set of instruments allowing for withdrawal from the income tax exemption mechanism, currently used to support new construction. Abolishment of the income tax deduction is a key component of a tax reform prepared by Deputy Prime Minister Balcerowicz.

### **Housing Strategies**

USAID has also supported the development of local level housing strategies, models of rent policies, and alternative approaches to restructuring and privatizing property management services. Over the last decade, approximately one hundred Polish local governments were assisted in various aspects of local-level housing. Under a program

managed by the Cooperative Housing Foundation, a group of 35 self-sufficient local housing support agencies were created. Over the lifetime of the project, they supported the construction of over 1,700 affordable homes in democratically-managed cooperatives, leveraging more than \$30 million in investment. Another USAID housing program supported the creation of over 70 local-level, not-for-profit Rental Housing Societies (TBS). Estimates suggest that these TBS designed projects and resourced financing for the development of over 1000 rental units worth more than \$20 million.



Project number	activity name	provider	planned enddt	COTR location	Obligation location	AID/W proj. officer	Warsaw proj. officer	FY 99 CO
180-0020.2	ABA/CEELI - Commercial Law;	AMERICAN BAR ASSOCIATION/ CEEI	11/99	W	W	Keith Crawford	Pawel Krzeczunowicz	0
180-0023.16	SME Development / CAER II/GEMINI	HID/DAI	10/99	P	P	Orest Koropeczy (G)	Pawel Krzeczunowicz	0
180-0023.15	USPSC	SME / legal reform advisor (LL)	7/96			N/A	Peter Amato	0
180-0023.10	PFIE - Polish Federation of Independent Entre	CENTER FOR STRATEGIC AND INT.	3/97			Paul Neifert	Pawel Krzeczunowicz	0
180-0026.13	ENI Regional - Collateral Law Project (IRIS)	UNIVERSITY RESEARCH CORP.	5/97	W	W	Susan Gurley	Magda Wyganowska	0
180-0026.6	ENI Regional - Legal Reform Grant (IDLI)	INTL. DEVELOPMENT LAW INST.	12/98	W	W	Susan Gurley	Pawel Krzeczunowicz	0
180-0026.6	IDLI - Commercial Law Training	IDLI	12/98	W	W	Susan Gurley	Pawel Krzeczunowicz	0
180-0026.17	Poland - Regional Bankruptcy Reform	DELOITTE& TOUCHE	5/96			Susan Gurley	Peter Amato	0
Transfer	IAA with Treasury - Tax Administration	U.S. DEPARTMENT OF TREASURY	9/2000	W	W	Tara Simpkins	Pawel Krzeczunowicz	0
180-0034.3	Polish Association of Home Builders	NATIONAL ASS. OF HOME BUILDER	10/98	P	P	Nancy Hooff	Michael Lee	0
180-0034.3	Evaluation of NAHB	PSC (MLip)	9/98	P	P	N/A	Michael Lee	0
180-0249.2	CASE - Second Stage of Economic Transition	CASE FOUNDATION -POLAND	6/97	P	P	N/A	Pawel Krzeczunowicz	0
180-0249.2	Pre-award Survey for CASE	DCAA	9/97	P	P	N/A	Pawel Krzeczunowicz	0
180-0004.1	World Env. Center	WORLD ENVIRONMENT CENTER INC	3/99	W	W	Angela Crooks	Pawel Krzeczunowicz	0
180-0010.1	Polish-American Enterprise Fund	POLISH-AMERICAN ENTERPRISE FU	9/2000	W	W	Tom Clarkson	William Frej	0
180-0014.3	US PSC (senior advisor)	Senior Private Sector Advisor (PA)	9/98	P	P	N/A	William Frej	0
180-0014.3	US PSC	Private sector advisor (PK)	9/2000	P	P	N/A	William Frej	0
180-0023.13	SMART - Small and Medium Agribusiness Res	VOLUNTEERS IN OVERSEAS COOPE	12/96			Charles Uphaus	Magda Wyganowska	0
180-0023.14	CDC - Technical Assistance to Enterprises	CITIZENS DEMOCRACY CORPS INC	9/97	W	W	James May	Magda Wyganowska	0
180-0023.8	SEAF - Small Enterprise Assist. Funds	CARESAC	9/98	P	P	Melissa Brinkerhoff	Pawel Krzeczunowicz	0
180-0023.22	FSLD - Polish American Enterprise Clubs	FOUNDATION IN SUPPORT OF LOCA	12/97	P	P	N/A	Pawel Krzeczunowicz	0
180-0023.17	American University - Building Skills for US-P	AMERICAN UNIVERSITY	8/98	P	P	Melissa Brinkerhoff	Pawel Krzeczunowicz	0
180-0023.20	OIC-Poland	OPPORTUNITIES INDUSTRIALIZATIO	9/98	P	P	Melissa Brinkerhoff	Nina Majer	0
180-0023.1	IESC - International Executive Service Corps	INTERNATIONAL EXECUTIVE SERVIC	9/97	W	W	James May	Magda Wyganowska	0
180-0023.11	EMED - Entrepreneurial Management & Execu	PARTNERS FOR INTL ED & TRNG	12/96			Melissa Brinkerhoff	Pawel Krzeczunowicz	0
180-0023.3	Center for International Private Enterprise	CENTER FOR INTL PRIVATE ENTERF	4/97	W	W	Melissa Brinkerhoff	Magda Wyganowska	0
180-0023.5	MBA Enterprise Corps - Regional	MBA ENTERPRISE CORPS	9/97	W	W	James May	Magda Wyganowska	0
180-0023.7	EBDP - European Business Development Pro	PEACE CORPS	12/96			Melissa Brinkerhoff	Magda Wyganowska	0
180-0023.7	SPA - Small Project Assistance/Business	PEACE CORPS	3/97			Melissa Brinkerhoff	Magda Wyganowska	0
180-0023.21	DAI - SME Regional Networking	DEVELOPMENT ALTERNATIVES INTI	6/97	P	P	Melissa Brinkerhoff	Pawel Krzeczunowicz	0
180-0023.15	FSN PSC	Project specialist (MJ)	9/2000	P	P	N/A	Pawel Krzeczunowicz	0
180-0023.18	SME Assistance and Development	ACDI/FIRMA 2000	3/2000	P	P	James May	Pawel Krzeczunowicz	0
180-0023.18	SME BSO Tech Transfer Design	COOPERS & LYBRAND	11/97	P	P	N/A	Peter Amato	0
180-0023.18	SME BSO Tech Transfer/FABRYKAT 2000	MENDEZ ENGLAND & ASSOC.	9/2000	P	P	James May	Pawel Krzeczunowicz	0
180-0023.15	PSC Support for SO 1.3	Local Intern (St.R)	5/98	P	P	N/A	Peter Amato	0
180-0023.15	Evaluation of SO 1.3	TBD	6/2000	P	P	N/A	Pawel Krzeczunowicz	67540
180-0023.15	Telecommunications training	USTI	5/99	P	P	N/A	Pawel Krzeczunowicz	0
180-0024.17	LOL - Polish Business Dev. / Trading Assoc.	LAND O LAKES INC	9/97	P	P	Charles Uphaus	Magda Wyganowska	0
180-0024.7	RAAPS - LOL (Poland)	LAND O LAKES INC	3/96			Frank Mertens	Magda Wyganowska	0
180-0024.8	ABS Privatization	AMERICAN BREEDERS SERVICE INC	6/96			Charles Uphaus	Magda Wyganowska	0
180-0029.1	Management Training Large Grants - Univ. of	UNIV. OF MARYLAND	1/2000	W	P	Patricia Bekele	Asia Kaminska	0
180-0029.1	Management Training Large Grants - Univ. of	UNIV OF MINNESOTA	6/2000	W	P	Patricia Bekele	Asia Kaminska	0
180-0029.1	Management Training - Univ. of Warsaw (unsc	UNIV. OF WARSAW	12/97	P	P	Carolyn Coleman	Magda Wyganowska	0
180-0029.1	FSN	Training Specialist (AJ)	9/97	P	P	N/A	Deborah Prindle	0
180-0030.10	Utility Consultancy agreement with Polish par	US UTILITY NEW YORK STATE ELEC	9/97	W	W	Bob Ichord	Maryla Jakubowicz	0
180-0030.1	Industry Contracts - Restructuring/Legal Refo	BECHTEL CORPORATION	12/98	W	W	Jackie de Rosa	Maryla Jakubowicz	0
180-0030.1	Industry Contracts - Energy Efficiency	ELECTROTEK CONCEPTS INC	12/99	W	W	Ira Birnbaum	Maryla Jakubowicz	0
180-0030.1	Energy Regulatory Authority	BECHTEL	9/99	P	P	TBD	Maryla Jakubowicz	0
180-0030.4	Utility Partnership Program	UNITED STATES ENERGY ASSOCIAT	9/98	W	W	Bob Ichord	Maryla Jakubowicz	0
180-0030.4	Monitoring GCC	ENVIRONMENTAL PROTECTION INS'	6/2000	P	P	Ira Birnbaum	Maryla Jakubowicz	0
180-0034.1	Creation and Development of Real Estate Inst	EASTERN EUROPE REAL PROPERT'	9/97	W	W	David Olinger	Krzysztof Jaszczolt	0
180-0034.3	Wroclaw Demonstration Housing	INTL. MASONRY INSTITUTE	3/97			Nancy Hooff	Michael Lee	0
180-0034.3	Technical Assistance to Housing Developers	PADCO INC.	9/97	P	P	Nancy Hooff	Michael Lee	0
180-0034.3	Property Management Training	POLISH REAL ESTATE FEDERATION	12/98	P	P	N/A	Krzysztof Jaszczolt	0
180-0034.3	Cooperative Housing in a Market Economy	COOPERATIVE HOUSING FOUNDATI	1/2000	P	P	Nancy Hooff	Michael Lee	0
180-0249.2	Management Training - Gdansk University (ur	CENTRAL CONNECTICUT STATE UN	3/98	-P	W	N/A	Magda Wyganowska	0
180-0249	Technoserve -Sandomierz Center Institutiona	TECHNOSERVE INTL.	6/96			N/A	Magda Wyganowska	0
180-0249.2	WID SME Support	FDPA/WRED	12/98	P	P	N/A	Mikolaj Lepkowski	0

Project number	activity name	provider	planned enddt	COTR location	Obligation location	AID/W proj. officer	Warsaw proj. officer	FY 99 CO
180-0023.26	WID SME Support II	FDPA/WRED	6/99	P	P	N/A	Mikolaj Lepkowski	0
180-0023.15	Pre-award survey for WRED	DCAA	9/97	P	P	N/A	Magda Wyganowska	0
180-0039	Development Credit Authority	BISE BANK	9/2000	P	P	Pamela Baldwin	Steve Horn	365500
180-0014.2	Poland - Common Brokerage Operations	KPMG PEAT MARWICK	6/96			Robert Singletary	Mark Kraczkiewicz	0
180-0014.4	Poland - National Bank of Poland (Supervisor)	KPMG PEAT MARWICK/BARENTS	1/2000	P	P	Jean Lange	Mikolaj Lepkowski	0
180-0014.4	Poland Bank Supervision	BARENTS	6/2000	W	W	Jean Lange	Mikolaj Lepkowski	445700
180-0014.4	Review of banking sector	TBD	6/2000	P	P	N/A	Mikolaj Lepkowski	130712
180-0014.4	Bank System Development (Credit Rating)	FIRST WASHINGTON ASSOCIATES L	5/99	P	P	Victoria Wohlsen	Mikolaj Lepkowski	0
180-0014.2	FSVC - May 96' SEC Regional Conference Gra	FSVC	6/96			Robert Singletary	Mark Kraczkiewicz	0
180-0014.4	Poland - Financial Services Resource Center	CRIMSON CAPITAL	3/97	P	P	Tim Dubel	Vicki Peterson	0
180-0014.4	FSRC Project Close-Out	CRIMSON CAPITAL	7/97	P	P	James Watson	Vicki Peterson	0
180-0014.2	OTC - Over The Counter Market	BARENTS	5/98	P	P	Ann Richards	Mikolaj Lepkowski	0
180-0014.4	Bank System Development (Payments)	FIRST WASHINGTON ASSOCIATES L	11/98	W	P	Victoria Wohlsen	Mikolaj Lepkowski	0
180-0014.4	Warsaw Institute of Banking (Bank Training)	KPMG	6/98	W	W	Jean Lange	Vicki Peterson	0
180-0014.4	US PSC (off shore)	Financial sector development advisor	5/99	P	P	N/A	William Frej	0
180-0014.4	FSN PSC	Project assistant (MLep)	7/2000	P	P	N/A	William Frej	0
180-0023.6	WOCCU - Building the Polish Credit Union Sy	CREDIT UNION NATIONAL ASSOC.	9/99	W	W	Melissa Brinkerhoff	Mikolaj Lepkowski	0
180-0024.6	Cooperative Banking	AGRICULTURAL COOP DEV INTL	7/98	P	P	Charles Uphaus	Mikolaj Lepkowski	0
180-0027.1	IAA with Treasury: Bank Sector Financial Ref	U.S. TREASURY DEPARTMENT	1/98	W	W	Margaret Pollock	Vicki Peterson	0
180-0027.2	FSVC Grant	FINANCIAL SERVICES VOLUNTEER (	7/2000	W	W	Victoria Wohlsen	Mikolaj Lepkowski	0
180-0014.2	Poland - Private Pension Funds I	PRICE WATERHOUSE	8/96			Robert Singletary	Mark Kraczkiewicz	0
180-0014.2	Private Pension Funds II	PRICE WATERHOUSE	8/98	P	P	Robert Singletary	Vicki Peterson	0
180-0014.2	PPF II (cont.)	PROFILE	9/99	P	P	Robert Singletary	Mikolaj Lepkowski	0
180-0014.2	Private Pension Funds III	PRICE WATERHOUSE	4/2000	P	P	Denise Lamaute	Mikolaj Lepkowski	0
180-0014.2	Pension Funds: Plenipotentiary's Salary	IBRD	9/97	P	P	Robert Singletary	Vicki Peterson	0
180-0014.2	Municipal Credit Activities	IQC TBD	6/2000	P	P	Ann Richards	Steve Horn	0
180-0024.16	VOCA - Commodity Exchange	VOLUNTEERS IN OVERSEAS COOPE	12/98	P	P	Charles Uphaus	Mikolaj Lepkowski	0
180-0024.16	VOCA evaluation	PSC	9/98	P	P	Charles Uphaus	Magda Wyganowska	0
180-0034.1	Housing Finance Advisory Services in Eastern	URBAN INSTITUTE	12/96	P	P	Nancy Hooff	Bill Frej	0
180-0034.1	Urban Institute: Housing Finance	URBAN INSTITUTE	10/99	P	W	Nancy Hooff	Michael Lee	0
180-0034.1	PADCO: Housing Finance Technical Assistan	PADCO INC	9/97	P	P	Nancy Hooff	Michael Lee	0
180-0034.1	TCN PSC	Housing finance advisor (MLee)	9/99	P	P	N/A	Rebecca Black	0
180-0014	US PSC	Extension for banking advisor (AW)	11/96	P	P	N/A	Mark Kraczkiewicz	0
180-0002.18	Poland - Local Govt.-Health Service Mgt.	HARVARD SCHOOL OF PUBL. HEAL	6/99	W	W	Katie McDonald (G)	Tomasz Potkanski	0
180-0002	Poland - Quality Assurance in Local Govt. He	UNIVERSITY RESEARCH CORP.	9/96			Jim Heiby	Tomasz Potkanski	0
180-0004.11	HIID Env. Policy	HARVARD UNIVERSITY	9/97	W	W	Dwight Walker	Andrzej Pecikiewicz	0
180-0019.7	DAI - Public Administration - Local Governme	DEVELOPMENT ALTERNATIVES INTI	12/98	P	P	Illona Countryman	Tomasz Potkanski	0
180-0019.7	Decentralization of Public Finance	DAI (cont.)	11/99	P	P	Illona Countryman	Tomasz Potkanski	0
180-0019.7	LG Flood Damage Assessment	ASSOCIATION OF POLISH CITIES (un	12/98	P	P	N/A	Tomasz Potkanski	0
180-0019	Internships for Local Gov't Officials	MILWAUKEE CO-INTERNSHIP TRNG	11/96			Illona Countryman	Tomasz Potkanski	0
180-0019.7	Rutgers - Local Gov't Training	RUTGERS UNIVERSITY	3/96			Illona Countryman	Tomasz Potkanski	0
180-0019.7	GMF-Dialog / Community Action	GERMAN MARSHALL FUND	3/98	W	W	Illona Countryman	Nina Majer	0
180-0019.7	OPM-NSPA Management Training	US OFFICE OF PERSONNEL MANAGI	12/96			Illona Countryman	Tomasz Potkanski	0
180-0019.7	Public Procurement Advisor	US DEPT. OF TRANSPORT	3/96			Illona Countryman	Tomasz Potkanski	0
180-0019.7	FSLD/Local Government / Community Action	FOUNDATION IN SUPPORT OF LOCA	5/2000	P	P	Illona Countryman	Tomasz Potkanski	0
180-0019.7	FSN PSC	Local government specialist (TP)	9/2000	P	P	N/A	Rebecca Black	0
180-0034.2	FSN PSC	Local government specialist (TP)	3/2001	P	P	N/A	Scott Dobberstein	0
180-0034.2	FSN PSC	Municipal specialist (MA)	12/98	P	P	N/A	Rebecca Black	0
180-0034.2	FSN PSC	Housing specialist (KJ)	9/2000	P	P	N/A	Scott Dobberstein	0
180-0034.2	Utility Pricing Legislation	RESEARCH TRIANGLE INSTITUTE	6/99	P	P	Sheere McManus	Tomasz Potkanski	0
180-0034.2	Utility Regulation and municipal credit	RESEARCH TRIANGLE INSTITUTE	5/2000	P	P	TBD	Steve Horn	0
180-0034.2	TA to MINISTRY OF EDUCATION	RTI	6/2000	P	P	N/A	Tomasz Potkanski	0
180-0030.13	Energy Cities	FEWE (unsolicited proposal)	7/2000	P	P	N/A	Maryla Jakubowicz	0
180-0032.9	Democracy Networks	ACADEMY FOR EDUCATIONAL DEV.	7/98	P	P	Christine Sheckler	Nina Majer	0
180-0032.10	FSN PSC	NGO Project Manager (NM)	9/2000	P	P	N/A	Rebecca Black	0
180-0034.2	FSN PSC	LGPP Project Specialist (NM)	3/2001	P	P	N/A	Scott Dobberstein	0
180-0034.2	FSN PSC	SO 2.3 Project Assistant (BM)	9/2000	P	P	N/A	Scott Dobberstein	0
180-0034.2	PADCO: Municipal Development	PADCO INC	9/97	P	P	Nancy Hooff	Rebecca Black	0
180-0034.2	Local Government and Housing Privatization	INTERNATIONAL CITY COUNTY MGM	12/96	P	P	Nancy Hooff	Rebecca Black	0
180-0034.2	Urban Institute: Municipal Development / Part	URBAN INSTITUTE	12/99	P	W	Nancy Hooff	Scott Dobberstein	0
180-0034.2	Cooperation Fund - Urban Management	COOPERATION FUND - POLAND	12/98	P	P	Nancy Hooff	Krzysztof Jaszczolt	0

Project number	activity name	provider	planned enddt	COTR location	Obligation location	AID/W proj. officer	Warsaw proj. officer	FY 99 CO
180-0039.10	Env. Action Prog. Support Proj. Regional	CHEMONICS INTERNATIONAL CONS	4/98	W	W	Jennifer Karp	Andrzej Pecikiewicz	0
180-0039.15	FSN PSC	Environment Specialist (AP)	9/98	P	P	N/A	Rebecca Black	0
180-0039.6	Local Env. Management Proj. Poland (LEM II)	RESEARCH TRIANGLE INSTITUTE	9/98	P	P	Vera Meenan	Andrzej Pecikiewicz	0
180-0039.6	Evaluation of environmental projects	ASSESSMENT TEAM	12/98	W	W	Danielle Arigoni	Rebecca Black	0
180-0041	Env. Training Project: Poland	MINNESOTA, UNIVERSITY OF	11/98	W	W	Angela Crooks	Rebecca Black	0
180-0034.2	Municipal Development	MDA	6/2000	P	P	Nancy Hooff	Nina Majer	0
180-0034.2	MDA Organizational Development	MDA	12/98	W	W	Nancy Hooff	Rebecca Black	0
180-0034.2	Local Government Partnership Program	CHEMONICS	3/2001	P	P	Nancy Hooff	Scott Dobberstein	5219247
180-0034.2	LGPP Evaluation	MSI	5/2000	P	P	N/A	Scott Dobberstein	136463
180-0034.2	TCN PSC	Local Government Finance Specialist	7/2000	P	P	N/A	Scott Dobberstein	0
180-0034.2	Bielsko Biala and other historic Study Tours	CHF	12/98	P	P	N/A	Michael Lee	0
180-0034.2	Housing Support for Partner Cities	CHF	12/98	P	P	N/A	Michael Lee	0
180-0034.2	Bielsko Biala Historic Revitalization	CHF	12/98	P	P	Nancy Hooff	Michael Lee	0
180-0034.2	Klodzko Historic Revitalization (flood)	CHF	1/2000	P	P	N/A	Michael Lee	0
180-0034.2	Housing and Municipal Policy	PRICE WATERHOUSE	5/2000	P	P	Michael Keshishian	Michael Lee	0
180-0034.2	Study Tour on property Tax	TBD	9/99	P	P	N/A	Scott Dobberstein	0
180-0034.2	Local government regional networking	TBD	12/98	W	W	Michael Keshishian	Rebecca Black	0
180-0034.2	Regional Development Strategy	GDANSK INSTITUTE FOR MARKET E	7/2000	P	P	N/A	Basia Matusiewicz	55000
180-0034.2	GIME Audit	DCAA	9/98	P	P	N/A	Tomasz Potkanski	0
180-0034.2	Community Development	FISE (uns. proposal)	6/2000	P	P	N/A	Nina Majer	0
180-0034.2	Local Government Close-out	(USPSC, 2 FSNs)	3/2001	P	P	N/A	Howard Handler	275339
180-0034.2	GCC project preparation (LGPP)	CHEMONICS	TBD	P	P	N/A	Rebecca Black	0
180-0034.2	Conference on housing finance	PRICE WATERHOUSE	2/2000	P	P	N/A	Michael Lee	0
180-0034.3	PAHB (Flood Assistance)	NATIONAL ASS. OF HOME BUILDERS	9/98	P	P	Nancy Hoof	Michael Lee	0
180-0034.3	Computerization of local governments (uns. p	TBD	TBD	P	P	N/A	Scott Dobberstein	0
180-0249.2	PD&S LGPP Evaluation	Short Term PSCs (EC + MLip)	7/98	P	P	Gloria Steele	Rebecca Black	0
180-0249.2	Pre-award survey for FEWE	DCAA	9/97	P	P	N/A	Rebecca Black	0
180-0249.2	Pre-award survey for MDA	DCAA	2/98	P	P	N/A	Rebecca Black	0
180-0249.2	PD&S (Data Collection Contract/Monitoring)	FINANCIAL SERVICES Ltd	12/98	P	P	Gloria Steele	Bruce Odell	0
180-0249.2	Monitoring and close-out support	Short Term Personal Service Contrac	6/2000	P	P	N/A	Howard Handler	256847
180-0249.2	Promoting community foundations	ACADEMY FOR PHILANTHROPY	6/2000	P	P	N/A	Nina Majer	10000
180-0249.2	Anti-corruption program	TRANSPARENCY INTERNATIONAL	6/2000	P	P	N/A	Nina Majer	13000
180-0249.2	Property Tax	BARENTS	7/2000	P	P	Sharon Hester	Michael Lee	350000
180-0249.2	Unsolicited proposals on labor market	CASE, INSTITUTE OF LABOR	7/2000	P	P	N/A	Krzysztof Janiak	60000
180-0249.2	FEWE audit	TBD	9/2000	P	P	N/A	Maryla Jakubowicz	20000
180-0249.2	Geolocator	MapInfo	1/97			N/A	Krzysztof Janiak	0
180-0045.1	PIET - Participant Training Project for Europe	PARTNERS FOR INTL ED & TRNG	3/97	W	W	Joyce Kaiser	Katarzyna Wodnicka	0
180-0045.1	TRANSIT - Training for Societies in Transition	WORLD LEARNING (G Bureau buy-in	6/2000	W	W	Jim Nindel	Katarzyna Wodnicka	0
180-0045.9	Disaster Preparedness Training	WORLD LEARNING (G Bureau buy-in	6/99	W	W	Jim Nindel	Krzysztof Janiak	0
180-0249.2	Programmable reserve		N/A	N/A	N/A			0
180-0249.2	Audits	Gemar and Mariott	10/96			N/A	John Avila	0
180-0249.3	EXO US PSC	Pamela Avila	2/97			N/A	Jerry Johnston	0
180-0249.2	Embassy Medical Support for Implementers		7/97	P	P	N/A	Jerry Johnston	0
180-0249.2	Financial Sustainability Planning	Limited Competition - new design FYI	9/2000	P	P	N/A	Bruce Odell	0
180-0249.2	ICASS costs	N/A	9/2000	P	P	N/A	Keith Romwall	39020
180-0249.2	Close-out operations (FY01 FASS/ICASS)	N/A	3/2001	P	P	N/A	Keith Romwall	50000
180-0249.2	Polish Know How Foundation	POLISH KNOW HOW FOUNDATION	9/2000	P	P	N/A	Pawel Krzeczunowicz	600000
180-0249.2	Social Sector Reforms I	CHEMONICS	7/2000	P	P	Susan Gurley	Michael Lee	0
180-0249.2	TA in Health Sector Reform	HARVARD SCHOOL OF PUBL. HEAL	6/2000	P	P	N/A	Tomasz Potkanski	0
Transfer	Customs Training	U.S. CUSTOMS ADVISOR	7/2000	W	W	Sharon Hester	Mikolaj Lepkowski	0
180-0249.2	Development of Social Sector Reform project	IPC/MSI	1/2000	W	W	Pat Isman	Krzysztof Janiak	10000
180-0249.2	Special Initiatives Support	TBD	9/2000	N/A	N/A	N/A	Bill Frej	0
180-0002.7	Georgetown University Scholarship Program	GEORGETOWN UNIVERSITY	9/99	W	W	Stephen Brooks	Katarzyna Wodnicka	0
Transfer	USIA - English Language Training Program	UNITED STATES INFORMATION AGE	9/99	W	W	Joyce Kaiser	Katarzyna Wodnicka	0
Transfer	USIA - Ron Brown Fellowship (former Muskies)	UNITED STATES INFORMATION AGE	9/2000	W	W	Joyce Kaiser	Katarzyna Wodnicka	0
180-0004.4	GCC Program	MINISTRY OF ENVIRONMENT	9/2000	W	W	Loren Schulze	Howard Handler	0
180-0004.4	Removal of the Skawina scrubber unit	TBD	9/2000	P	P	Loren Schulze	Howard Handler	0
180-0014	Poland - Regional Privatization Initiatives (RP	PRICE WATERHOUSE	4/96	-3		Richard Burns	Pawel Krzeczunowicz	0
180-0014	Competition Advisors / Sensitive Sectors	BANCROFT	12/96			James Watson	Pawel Krzeczunowicz	0

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180-0014	Poland-Regional Transaction Support (RTS)	DORADCA	3/97			James Watson	Pawel Krzeczunowicz	0
180-0014.5	East-East Dissemination	CASE	3/99	P	P	N/A	Pawel Krzeczunowicz	0
180-0020	DOJ/CEELI - Criminal Justice	US DEPARTMENT OF JUSTICE/CEEL	8/98	W	W	Keith Henderson	Bruce Odell	0
180-0020	Market Mediation Centers	PARTNERS FOR DEMOCRATIC CHA	9/98	W	W	Keith Crawford	Pawel Krzeczunowicz	0
180-0021.5	Political Party Building Program	NATIONAL DEMOCRATIC INSTITUTE	1/99	P	P	Deborah Berns	Krzysztof Janiak	0
Transfer	IAA with USIA (Books for Democracy)	UNITED STATES INFORMATION AGE	11/96	W	W	Deborah Berns	Anna Jozefowicz	0
Transfer	IAA with USIA (Educational Reform)	UNITED STATES INFORMATION AGE	12/97	W	W	Deborah Berns	Katarzyna Wodnicka	0
180-0021.8	FTUI - Support to Solidarity /BKN (follow-up)	FREE TRADE UNION INST	12/98	W	W	Corbin Lyday	Bruce Odell	0
180-0021.8	Solidarity BKN pension reform education	FREE TRADE UNION INST	10/99	P	P	Bruce Grogan	Howard Handler	0
180-0021.8	Social Sector Reforms II	CHEMONICS	7/2000	P	P	Susan Gurley	Michael Lee	0
180-0022.1	Warsaw Journalism Center	WARSAW JOURNALISM CENTER	12/99	P	P	Peter Graves	Krzysztof Janiak	0
180-0023.7	SPA - Small Project Assistance/Env. & Engin	PEACE CORPS	9/2000	W	W	Arnold Baker (G)	Howard Handler	0
180-0031	Krakow Low Emissions Project	U.S. DEPARTMENT OF ENERGY	4/2000	W	W	Loren Schulze	Maryla Jakubowicz	0
180-0033.1	Workforce Development Project	U.S. DEPARTMENT OF LABOR	6/2000	W	W	Bruce Grogan	Howard Handler	0
180-0033.2	PIER - Mine Safety (Silesia)	PARTNERS IN ECONOMIC REFORM	9/98	P	P	Bruce Grogan	Krzysztof Janiak	0
180-0037	Joint Commission on Accreditation of Hospit	JOINT COMMISSION INT. ON ACCREI	6/97	W	W	Tina Cleland	Anna Jozefowicz	0
180-0038.1	Environmental Health Project	CAMP DRESSER & MCKEE INTL INC	4/97	W	W	Tina Cleland	Anna Jozefowicz	0
180-0039.1	EPA 1994 IAA: Silesia / EMTC and Karkow Air	U.S. ENVIRONMENTAL PROTECTION	6/2000	W	W	Mike Kalinoski	Maryla Jakubowicz	0
Transfer	Democracy Commission Small Grants	UNITED STATES INFORMATION AGE	9/2000	W	W	Kathryn Stratos	Howard Handler	50000
180-0249.2	CASE - Sustaining Growth	CASE FOUNDATION -POLAND	9/99	P	P	N/A	Pawel Krzeczunowicz	0
180-0249.2	Conference on Transforming Economies	FOUNDATION FOR ECONOMIC EDUC	10/98	P	P	N/A	Pawel Krzeczunowicz	0
180-0249.2	National Security Graduate Program	UNIVERSITYOF WARSAW	10/97	P	P	N/A	Anna Jozefowicz	0
180-0249.2	Social Sector Research	POLISH ACADEMY OF SCIENCE	9/99	P	P	N/A	Pawel Krzeczunowicz	0
Transfer	Parking Fines Set Aside	N/A	N/A	W	W	Brian Wickland	N/A	0

8154368.00

4/6/2000

USAID / Poland Budget Activities Data Base

Project number	activity name	provider	planned enddt	COTR location	Obligation location	AID/W proj. officer	Warsaw proj. officer	FY 99 CO
180-0249	Disposal of PACCF commodities	CARITAS						

activity name	provider	planned enddt	Project number	COTR location	Obligation location	AID/W proj. officer	Warsaw proj. officer	FY 99 CO
<b>SO 1.3 (Private Sector Enterprise Dev.)</b>								
SME Assistance and Development	ACDI/FIRMA 2000	3/2000	180-0023.18	P	P	James May	Pawel Krzeczunowicz	0
Evaluation of SO 1.3	TBD	6/2000	180-0023.15	P	P	N/A	Pawel Krzeczunowicz	67,540
Management Training Large Grants - Univ. of Minne	UNIV OF MINNESOTA	6/2000	180-0029.1	W	P	Patricia Bekele	Asia Kaminska	0
Development Credit Authority	BISE BANK	9/2000	180-0039	P	P	Pamela Baldwin	Steve Horn	365,500
IAA with Treasury - Tax Administration	U.S. DEPARTMENT OF TREASURY	9/2000	Transfer	W	W	Tara Simpkins	Pawel Krzeczunowicz	0
US PSC	Private sector advisor (PK)	9/2000	180-0014.3	P	P	N/A	William Frej	0
FSN PSC	Project specialist (MJ)	9/2000	180-0023.15	P	P	N/A	Pawel Krzeczunowicz	0
SME BSO Tech Transfer/FABRYKAT 2000	MENDEZ ENGLAND & ASSOC.	9/2000	180-0023.18	P	P	James May	Pawel Krzeczunowicz	0
	<b>SO 1.3 SUB-TOTAL</b>							<b>433,040</b>
<b>SO 1.4 (Financial Sector Dev.)</b>								
Private Pension Funds III	PRICE WATERHOUSE	4/2000	180-0014.2	P	P	Denise Lamaute	Mikolaj Lepkowski	0
Poland Bank Supervision	BARENTS	6/2000	180-0014.4	W	W	Jean Lange	Mikolaj Lepkowski	445,700
Review of banking sector	TBD	6/2000	180-0014.4	P	P	N/A	Mikolaj Lepkowski	130,712
FSN PSC	Project assistant (MLep)	7/2000	180-0014.4	P	P	N/A	William Frej	0
FSVC Grant	FINANCIAL SERVICES VOLUNTEER CORPS INC	7/2000	180-0027.2	W	W	Victoria Wohlsen	Mikolaj Lepkowski	0
	<b>SO 1.4 SUB-TOTAL</b>							<b>576,412</b>
<b>SO 2.3 (Local Government)</b>								
Housing and Municipal Policy	PRICE WATERHOUSE	5/2000	180-0034.2	P	P	Michael Keshishian	Michael Lee	0
LGPP Evaluation	MSI	5/2000	180-0034.2	P	P	N/A	Scott Dobberstein	136,463
FSLD/Local Government / Community Action	FOUNDATION IN SUPPORT OF LOCAL DEMOCR.	5/2000	180-0019.7	P	P	Illona Countryman	Tomasz Potkanski	0
Utility Regulation and municipal credit	RESEARCH TRIANGLE INSTITUTE	5/2000	180-0034.2	P	P	Nancy Hooff	Steve Horn	0
Municipal Development	MDA	6/2000	180-0034.2	P	P	Nancy Hooff	Nina Majer	0
Community Development	FISE (uns. proposal)	6/2000	180-0034.2	P	P	N/A	Nina Majer	0
TA to MINISTRY OF EDUCATION	RTI	6/2000	180-0034.2	P	P	N/A	Tomasz Potkanski	0
Regional Development Strategy	GDANSK INSTITUTE FOR MARKET ECONOMICS	7/2000	180-0034.2	P	P	N/A	Basia Matusiewicz	55,000
Energy Cities	FEWE (unsolicited proposal)	7/2000	180-0030.13	P	P	N/A	Maryla Jakubowicz	0
TCN PSC	Local Government Finance Specialist (ML)	7/2000	180-0034.2	P	P	N/A	Scott Dobberstein	0
FSN PSC	Housing specialist (KJ)	9/2000	180-0034.2	P	P	N/A	Scott Dobberstein	0
FSN PSC	SO 2.3 Project Assistant (BM)	9/2000	180-0034.2	P	P	N/A	Scott Dobberstein	0
FSN PSC	LGPP Project Specialist (NM)	3/2001	180-0034.2	P	P	N/A	Scott Dobberstein	0
FSN PSC	Local government specialist (TP)	3/2001	180-0034.2	P	P	N/A	Scott Dobberstein	0
Local Government Partnership Program	CHEMONICS	3/2001	180-0034.2	P	P	Nancy Hooff	Scott Dobberstein	5,219,247
Local Government Close-out	(USPSC, 2 FSNs)	3/2001	180-0034.2	P	P	N/A	Howard Handler	275,339
	<b>SO 2.3 SUB-TOTAL</b>							<b>5,686,049</b>

activity name	provider	planned enddt	Project number	COTR location	Obligation location	AID/W proj. officer	Warsaw proj. officer	FY 99 CO
<b>SO 4.1 (Special Initiatives)</b>								
Krakow Low Emissions Project	U.S. DEPARTMENT OF ENERGY	4/2000	180-0031	W	W	Loren Schulze	Maryla Jakubowicz	0
Workforce Development Project	U.S. DEPARTMENT OF LABOR	6/2000	180-0033.1	W	W	Bruce Grogan	Howard Handler	0
EPA 1994 IAA: Silesia / EMTC and Karkow Air / Agri	U.S. ENVIRONMENTAL PROTECTION AGENCY	6/2000	180-0039.1	W	W	Mike Kalinoski	Maryla Jakubowicz	0
Social Sector Reforms II	CHEMONICS	7/2000	180-0021.8	P	P	Susan Gurley	Michael Lee	0
SPA - Small Project Assistance/Env. & English Tea	PEACE CORPS	9/2000	180-0023.7	W	W	Arnold Baker (G)	Howard Handler	0
Democracy Commission Small Grants	UNITED STATES INFORMATION AGENCY	9/2000	Transfer	W	W	Kathryn Stratos	Howard Handler	50,000
USIA - Ron Brown Fellowship (former Muskie)	UNITED STATES INFORMATION AGENCY	9/2000	Transfer	W	W	Joyce Kaiser	Katarzyna Wodnicka	0
	<b>SO 4.1 SUB-TOTAL</b>							<b>50,000</b>
<b>SO 4.2 (Support to all three Strategic Objectives)</b>								
Development of Social Sector Reform project	IPC/MSI	1/2000	180-0249.2	W	W	Pat Isman	Krzysztof Janiak	10,000
TA in Health Sector Reform	HARVARD SCHOOL OF PUBL. HEALTH	6/2000	180-0249.2	P	P	N/A	Tomasz Potkanski	0
Monitoring and close-out support	Short Term Personal Service Contractors	6/2000	180-0249.2	P	P	N/A	Howard Handler	256,847
Promoting community foundations	ACADEMY FOR PHILANTHROPY	6/2000	180-0249.2	P	P	N/A	Nina Majer	10,000
Anti-corruption program	TRANSPARENCY INTERNATIONAL	6/2000	180-0249.2	P	P	N/A	Nina Majer	13,000
Property Tax	BARENTS	7/2000	180-0249.2	P	P	Sharon Hester	Michael Lee	350,000
Unsolicited proposals on labor market	CASE, INSTITUTE OF LABOR	7/2000	180-0249.2	P	P	N/A	Krzysztof Janiak	60,000
FEWE audit	TBD	9/2000	180-0249.2	P	P	N/A	Maryla Jakubowicz	20,000
Polish Know How Foundation	POLISH KNOW HOW FOUNDATION	9/2000	180-0249.2	P	P	N/A	Pawel Krzeczunowicz	600,000
ICASS costs	N/A	9/2000	180-0249.2	P	P	N/A	Keith Romwall	39,020
Close-out operations (FY01 FASS/ICASS)	N/A	3/2001	180-0249.2	P	P	N/A	Keith Romwall	50,000
	<b>SO 4.2 SUB-TOTAL</b>							<b>1,408,867</b>
	<b>TOTAL</b>							<b>8,154,368</b>

Project No.				FY 99 CO
<b>A. STRENGTHENING DEMOCRATIC INSTITUTIONS</b>				
180-0019	Democratic Governance and Public Administration			0
180-0020	Rule of Law			0
180-0021	Political and Social Process			0
180-0022	Independent Media			0
180-0032	Local Organization (NGO) Dev. Project			0
<b>B. ECONOMIC RESTRUCTURING</b>				
180-0014	Privatization & Enterprise Restruc.			576,412
180-0023	Technical Assistance to Enterprises			67,540
180-0026	Competition Policy, Laws & Regulations			0
180-0027	Business Services			0
180-0010	Enterprise Funds			0
180-0002	Human Resources Program			0
180-0045	Participant Training			0
180-0029	Management Training & Market Economics Education			0
180-0024	Restructuring Agriculture and Agribusiness			0
180-0030	Regional Energy Efficiency			0
<b>C. IMPROVING THE QUALITY OF LIFE</b>				
180-0016	Trauma, Social Welfare & Humanitarian Assistance			0
180-0002	Regional Human Resources component			0
180-0033	Labor Market Transition			0
180-0034	Urban Development Assistance			5,686,049
180-0037	Partnerships in Health Care			0
180-0038	Promotion of Health Markets			0
180-0039	Improved Public Sector Environmental Services			365,500
180-0004	Environmental Initiatives			0
180-0041	Environmental Training			0
<b>D. MISCELLANEOUS</b>				
180-0249	Audit, Evaluation, and Project Support			1,408,867
180-xxxx	Reserved or Withheld from OYB			50,000
			<b>TOTAL SA/DA-APPROPRIATED ASSISTANCE</b>	<b>8,154,368</b>



Project No.			FY 99 CO
	<b>A. STRENGTHENING DEMOCRATIC INSTITUTIONS</b>	<b>SUB-TOTAL</b>	<b>0</b>
	<b>1. Political Process and Governance</b>		
	<b>2. Democratic Pluralism</b>		
	<b>B. ECONOMIC RESTRUCTURING</b>	<b>SUB-TOTAL</b>	<b>643,952</b>
	<b>1. Macroeconomic Support</b>		
	<b>2. Privatization and Assistance to Enterprises</b>		
180-0014	Privatization & Enterprise Restruc.		
.01	Privatization		0
.02	Capital Markets		0
.03	Enterprise Restructuring		0
.04	Banking Sector		576,412
.05	Regional/other		0
	<b>PROJECT TOTAL</b>		<b>576,412</b>
180-0023	Technical Assistance to Enterprises		
.01	* IESC Private Enterprise		0
.02	* Gemini		0
.03	* CIPE (Chamber)		0
.05	* MBA Enterprise Corps		0
.06	*WOCCU		0
.07	* Peace Corps		0
.08	*CARESBECE		0
.10	* CSIS Poland		0
.11	* Entrepren. Mgmt & Exec. Dev.		0
.12	* SME Development in Albania		0
.13	* New Small Business Activity		0
.14	* CDC Business Enterprise		0
.15	*PSCs,travel,eval.		67,540
.16	*SME Enterprise Development		0
.17	*American University Poland		0
.18	*SME Assis. & Dev. Team (Reeng)		0
.22	* FSLD - Polish American Enterprise Clubs		0
.20	* OIC - Poland		0
.21	* DAI - Regional Networking		0
.26	WID SME Support II		0
	<b>PROJECT TOTAL</b>		<b>67,540</b>
	<b>3. Improving the Business Climate</b>		
	<b>4. Investment and Trade</b>		
	<b>5. Human Resources</b>		
	<b>6. Agriculture and Agribusiness</b>		
	<b>7. Agriculture Sector Programs</b>		
	<b>8. Energy Efficiency</b>		

Project No.				FY 99 CO
	<b>C. IMPROVING THE QUALITY OF LIFE</b>		<b>SUB-TOTAL</b>	<b>6,051,549</b>
	<b>2. Employment and the Social Safety Net</b>			
	<b>3. Housing</b>			
180-0034		Urban Development Assistance		
.01		Finance		0
.02		Municipal Development		5,686,049
.03		Private Production		0
.04		PSCs, travel, other		0
		<b>PROJECT TOTAL</b>		<b>5,686,049</b>
	<b>'4. Health</b>			
	<b>5. Environment</b>			
180-0039		Improved Public Sector Environmental Services		
.01		* IAA with EPA		0
.06		* Local Envir. Mgt.		0
.09		* Danube (GEF)		0
.10		* EAP Investments		0
.11		* Albania Forestry		0
.12		* Biodiversity (GEF)		0
.13		* Estonia Hot Spots		0
.14		* Envir. Health buy-in		0
		* DCA		365,500
.15		* Evaluation, PSC		0
		<b>PROJECT TOTAL</b>		<b>365,500</b>
	<b>D. MISCELLANEOUS</b>		<b>SUB-TOTAL</b>	<b>1,458,867</b>
180-0249		Audit, Evaluation, and Project Support		
.01		* Evaluation		0
.02		* Project Support		1,408,867
		* PSCs and Travel DG		0
		PSCs and Travel ED Of. & EF div.		0
		* Project Support PER		0
.03		* Other		0
		<b>PROJECT TOTAL</b>		<b>1,408,867</b>
180-xxxx		Reserved or Withheld from OYB		
		* Parking Fines Set Asides		0
		* Transfer to G: WID		0
		* Trans to USIA: Democ. Com. Sm Gr.		50,000
		* Ron Brown Fellowship Program		0
		* English Teaching (USIA)		0
		* Trans. to USIA Media Training		0
		* Transfer to G.: TAACS		0
		* IAA with treasury (tax)		0
		* Warsaw Initiative		0
		* Transfer to U.S. Customs		0
		<b>PROJECT TOTAL</b>		<b>50,000</b>
		<b>TOTAL SAI/DA-APPROPRIATED ASSISTANCE</b>		<b>8,154,368</b>

\* Activities in 180-xxxx, till FY96 were included under their respective projects

**USAID/Poland Schedule for Termination of Principal Activities**

Strategic Objective/Activity Name	planned enddt	FY 00				FY 01	
		Q1	Q2	Q3	Q4	Q1	Q2
<b>SO 1.3 Private Sector Enterprise Development</b>							
SME Development /CAER II/GEMINI	10/99	X					
Industry Contracts - Energy Efficiency (Electrotek)	12/99	X					
Cooperative Housing in a Market Economy	1/2000	X	X				
University of Maryland	1/2000	X	X				
SME Assistance and Development (ACDI/Firma 2000)	3/2000	X	X				
Management Training Large Grants - Univ. of Minnesota	6/2000	X	X	X			
Development Credit Authority (BISE Bank)	9/2000	X	X	X	X		
IAA with Treasury - Tax Administration	9/2000	X	X	X	X		
SME BSO Technology Transfer (Fabrykat 2000)	9/2000	X	X	X	X		
<b>SO 1.4 Financial Sector Development</b>							
Urban Institute: Housing Finance	10/99	X					
Private Pension Funds III (Price Waterhouse)	4/2000	X	X	X			
Poland Bank Supervision (Barents)	6/2000	X	X	X			
FSVC	7/2000	X	X	X	X		

**USAID/Poland Schedule for Termination of Principal Activities**

Strategic Objective/Activity Name	planned enddt	FY 00				FY 01	
		Q1	Q2	Q3	Q4	Q1	Q2
<b>SO 2.3 Local Government</b>							
Decentralization of Public Finance	11/99	X					
Poland - Local Govt.-Health Service Mgt.	12/99	X					
Klodzko Historic Revitalization (flood) CHF	1/2000	X	X				
Conference on Housing Finance	2/2000	X	X				
Housing and Municipal Policy	5/2000	X	X	X			
Utility Regulation and Municipal Credit	5/2000	X	X	X			
FSLD/Local Government / Community Action	5/2000	X	X	X			
TA to Ministry of Education (RTI)	6/2000	X	X	X			
Community Development (FISE)	6/2000	X	X	X			
Municipal Development/MDA	6/2000	X	X	X			
Regional Development Strategy (GIME)	7/2000	X	X	X			
Energy Cities (FEWE)	7/2000	X	X	X	X		
LGPP	3/2001	X	X	X	X	X	X
LGPP Closeout	3/2001	X	X	X	X	X	X
<b>SO 4.1 Special Initiatives</b>							
Pension Reform Education (Solidarity BKN)	10/99	X					
Krakow Low Emissions Project	8/2000	X	X	X			
Workforce Development Project	6/2000	X	X	X			
EPA 1994 IAA: Silesia / EMTC and Karkow Air / Agriculture	6/2000	X	X	X			
Social Sector Reforms II (Strategic Communications)	7/2000	X	X	X	X		
<b>SO 4.2 Cross-cutting</b>							
TA in Health sector	6/2000	X	X	X	X		
Property Tax	7/2000	X	X	X	X		
Unsolicited Proposal on Labor Market	7/2000	X	X	X	X		
Polish Know How Foundation	9/2000	X	X	X	X		

Table does not show the USIA and Peace Corps activities, because they do not require staff time